



House of Representatives

General Assembly

File No. 192

February Session, 2008

Substitute House Bill No. 5517

House of Representatives, March 26, 2008

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REAL ESTATE APPRAISERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 20-518 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2008*):

3 The Department of Consumer Protection [may] shall, upon the
4 request of the commission or upon the verified complaint in writing of
5 any person, provided such complaint, or such complaint together with
6 evidence, documentary or otherwise, represented in connection with
7 such complaint, shall make out a prima facie case, investigate the
8 actions of any real estate appraiser or any person who assumes to act
9 in any of such capacities within this state. The commission shall have
10 the power [temporarily] to temporarily suspend or permanently [to]
11 revoke any certification, license, limited license or provisional license,
12 as the case may be, issued under the provisions of sections 20-500 to
13 20-528, inclusive, and in addition to, or in lieu of, such suspension or
14 revocation, may [, in its discretion,] impose a fine of not more than one

15 thousand dollars for the first offense at any time when, after
 16 proceedings as provided in section 20-519, it finds that the certification
 17 holder, licensee, limited licensee or provisional licensee has by false or
 18 fraudulent misrepresentation obtained a certification, license, limited
 19 license or provisional license, as the case may be, or that the
 20 certification holder, licensee, limited licensee or provisional licensee is
 21 guilty of any of the following: (1) Making any material
 22 misrepresentation; (2) making any false promise of a character likely to
 23 influence, persuade or induce; (3) acting for more than one party in a
 24 transaction without the knowledge of all parties for whom he or she
 25 acts; (4) permitting a party with an interest in a real estate transaction
 26 to unduly influence the independent judgment of such certification
 27 holder, licensee, limited licensee or provisional licensee as pertains to
 28 such transaction; (5) conviction in a court of competent jurisdiction of
 29 this or any other state of forgery, embezzlement, obtaining money
 30 under false pretenses, larceny, extortion, conspiracy to defraud, or
 31 other like offense or offenses, provided suspension or revocation
 32 under this subdivision shall be subject to the provisions of section 46a-
 33 80; [(5)] (6) any act or conduct [which] that constitutes dishonest,
 34 fraudulent or improper dealings; [(6)] (7) a violation of any provision
 35 of sections 20-500 to 20-528, inclusive, or any regulation adopted under
 36 said sections.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2008	20-518

Statement of Legislative Commissioners:

Technical changes were made for accuracy.

INS *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Consumer Protection, Dept.	GF - Cost	98,000	128,000
Comptroller Misc. Accounts (Fringe Benefits) ¹	GF - Cost	Minimal	Minimal
Consumer Protection, Dept.	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a cost to the Department of Consumer Protection (DCP) of approximately \$98,000 in FY 09 and \$128,000 in FY 10 due to the need for two additional staff positions, a Staff Attorney and a Consumer Protection Real Estate Examiner. Currently it is permissive for the DCP to investigate real estate appraisers in response to request. The bill mandates the investigation and thus the need for two positions and related other expenses. Additionally the bill results in a potential minimal revenue gain to the state due to additional offenses concerning real estate transactions being subject to a \$1,000 fine imposed by the commissioner.

The Out Years

The annualized ongoing costs identified above would continue into the future subject to inflation.

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The first year fringe benefit costs for new positions do not include pension costs. The estimated first year fringe benefit rate as a percentage of payroll is 25.36%. The state's pension contribution is based upon the prior year's certification by the actuary for the State

OLR Bill Analysis

sHB 5517

AN ACT CONCERNING REAL ESTATE APPRAISERS.

SUMMARY:

This bill requires, instead of permits, the Department of Consumer Protection to investigate real estate appraisers in response to a (1) Real Estate Commission request or (2) person's written, verified complaint that makes out a prima facie case.

It also adds to the list of appraiser's actions for which the commission may impose penalties. It permits the commission to suspend or revoke an appraiser's certification or license, fine him or her up to \$1,000 for a first offense, or both, if it finds, after notice and hearing, that the appraiser permitted a party with an interest in a real estate transaction to unduly influence his or her independent judgment.

By law, the commission may impose penalties if it finds that an appraiser (1) fraudulently obtained his or her certification or license; (2) made a material misrepresentation or false promise to influence another; (3) acted for more than one party involved in a transaction without their knowledge; (4) was convicted of forgery, embezzlement, larceny, extortion, or similar offenses; (5) acted dishonestly or fraudulently or engaged in improper dealings; or (6) violated any law or regulation regarding appraisers.

EFFECTIVE DATE: October 1, 2008

COMMITTEE ACTION

Insurance and Real Estate Committee

Employees Retirement System (SERS). The SERS fringe benefit rate is 33.27%, which

Joint Favorable

Yea 18 Nay 0 (03/06/2008)

when combined with the rate for non-pension fringe benefits totals 58.63%.