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Testimony Regarding SB 13

The Controlling Person / Principal Representative should be a real estate appraiser who has been properly licensed as such by the Connecticut Department of Consumer Protection.

1) Many appraisal management companies currently offer their clients a service known as a technical review whereby the appraisal management company will critique the appraisal and render their own opinion of value or state which comparables and/or analysis they feel do not support the value indicated in the appraisal. In many cases this practice violates USPAP as well as our Connecticut general statutes which say that the only one who can offer these types of services is someone who has been properly licensed as a real estate appraiser by DCP.

2) An appraiser/principal representative from this state will also have a greater knowledge about the various markets within this state as compared to an appraiser/principal representative who is from another state. By knowing the various markets doesn't guarantee but rather helps to ensure that management companies are selecting appraisers based on their geo competency rather than just their fees and E&O policy limits.

3) By requiring the principal representative to hold a valid Connecticut appraisal license also ensures that the state can serve a summary process to the principal representative much like the state is are able to currently do with registered agents who are acting on behalf of out of state corporations.

4) Requiring the principal representative to be an appraiser from Connecticut would also be in keeping with our current real estate laws as they relate to the real estate profession in Connecticut. Currently each real estate agency is required by law to designate a real estate broker who has been properly licensed as such in Connecticut. And, each real estate appraisal company is owned by a real estate appraiser who has been properly licensed as such in Connecticut. This isn't to say that the Principal Representative/Controlling Person can't reside in a state other than Connecticut but it does say that if you are acting as the person responsible for the day to day operation of the company you are representing then you need to hold a valid appraisal license in this state.

5) Also, the Principal Representative/Controlling Person shouldn't be allowed to act as such for any more than one Appraisal Management company at any given time.

6) If the Controlling Person / Principal Representative is an appraiser from Connecticut then most likely the company they represent will also be based in Connecticut.

I believe there is also an economic argument that can't be overlooked and that is that every dollar collected by an appraiser from within our state typically stays in our state and is taxed in our state. However, every dollar collected by an out of state Appraisal Management Company will leave this state and be taxed in the state where the Appraisal Management Company is located. Further, every dollar that leaves this state is a dollar that our Legislature will be forced to find from within our state.

I believe we have an opportunity to keep those tax dollars right here in Connecticut and we do that by only allowing a properly licensed Connecticut Real Estate Appraiser to act as the Controlling Person / Principal Representative for no more than one Appraisal Management Company at any given time and by requiring each Appraisal Management Company to maintain a physical presence within our State.

Submitted by: Rob Clermont – Certified Real Estate Appraiser & President, The Connecticut Association of Real Estate Appraisers