

Public Testimony SB 228

Proposal to only allow properly licensed Real Estate Appraisers to charge or collect a fee in connection with a real estate appraisal.

Over the past year or so myself as many of my colleagues have received appraisal requests whereby our clients have asked us not to discuss, disclose or otherwise talk about our compensation with the homeowner. Such a request can only serve one purpose which is to conceal our true compensation from the homeowner. The underlying intent of the request is for our clients to pad the cost of the appraisal with their own fees then represent the total cost to the consumer as an appraisal fee when in fact the padded cost is nothing more than an unearned fee.

These practices also come at a time when our State as well as Federal government is working hard to create more appraiser independence as well as make homeownership more affordable and to create more transparency with respect to the costs associated with obtaining mortgage financing. All the while the aforementioned practices make it less affordable as these practices unnecessarily drive up the cost of mortgage financing and in turn homeownership within the State of Connecticut. Not to mention that these practices also lead to less transparency with respect to the actual costs associated with mortgage financing

Also, appraisers are being asked to collect their fee from the homeowner and then kick back a portion of the fee to whoever referred the appraisal assignment to them.

The same sort of steering, skimming, markups, bird dog fees, kick backs and referral fees have become prohibited practices in Connecticut with respect to the insurance industry, the real estate industry and the legal profession as the practice itself inevitably leads to higher and unnecessary costs that are eventually passed on to the consumer.

Over the years the legislature has taken great steps to prevent these practices from occurring in other professions just as they should with the appraisal profession today.

No matter how the aforementioned practices are defended they are wrong and should therefore be prohibited in the State of Connecticut.

I would strongly encourage the committee as well as the legislature to adopt SB 228, moreover the language pertaining to appraiser's fees which will offer a better level of protection to Connecticut Consumers.

Submitted by: Rob Clermont (Certified Real Estate Appraiser) Date: 03/11/2010