



CONNECTICUT ASSOCIATION OF

REALTORS® INC.

Statement on

H.B. 5417: An Act Concerning Broker Price Opinions

Submitted to the Banks Committee
Thursday, March 15 2012

by Linda Fercodini
Wolcott

Good afternoon. My name is Linda Fercodini and I am here on behalf of The Connecticut Association of REALTORS® a 15,000 member trade association representing professionals in a wide array of real estate disciplines. I urge you to support Raised Bill 5417, which would expand consumer access to fee-based broker price opinions provided by licensed real estate brokers and salespersons.

It's important for me to stress that our Association is not seeking to eliminate the current law in Connecticut that requires a separate license or certification from the Real Estate Appraisal Commission to perform "appraisals". Real estate appraisals are opinions of value that must fully comply with the Uniform Standards of Professional Appraisal Practice issued by the Appraisal Foundation pursuant to federal law (Title XI of FIRREA).

Rather, we only seek permission to render "broker's price opinions", also known as "comparative market analyses," when requested by a lender, loan servicing company, or an attorney. Both of these terms are often referred to by their abbreviations - - BPO's and CMA's. In any case they are essentially abbreviated indicators of the probable sales price of a particular property based on a real estate broker's or salesperson's analysis of sales and/or listings of similar recently sold properties. Where permitted elsewhere in the country, the fee's for such analyses are often considerably less than the cost of a full-fledged appraisal.

Connecticut's appraisal licensing law and regulations prohibit a licensed broker or salesperson from giving such abbreviated value opinions in exchange for a fee. They are only allowed to perform a fee based market analysis for extremely limited purposes - (a) a prospective listing or sale of such real estate, (b) providing information to the seller or landlord under a listing agreement, or (c) providing information to a prospective buyer or tenant under a buyer or tenant agency agreement.

Realtors® believe compensation should be permitted for services rendered. Most states do not have the restriction we have in Connecticut. As long as the public understands the CMA is not an appraisal, the marketplace should at least be allowed to avail itself of this useful "fee-for-service" option.

(over)



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There is a little harm in permitting *sophisticated* parties such as mortgagees and attorneys to decide whether they require a market analysis or the time and expense of a full blown appraisal. The law would continue to forbid real estate licensees to label such a market analysis as an "appraisal", and appraisals would still play a dominant role in mortgage originations.

I would be happy to take any questions.

