Testimony

House Bill 5417

My name is Rob Clermont and I am a state certified real estate appraiser herein Connecticut and have been for the past 14 years. I am also a licensed real estate agent here in Connecticut and have been for the past 8 years.

During my tenure as an appraiser I've also served as one of the founding members and past president of the Connecticut Association of Real Estate Appraisers.

I come before you today to express my strong opposition to House Bill 5417; Moreover, I do so in my capacity as state certified real estate appraiser, a licensed real estate agent and a representative from the Connecticut Association of Real Estate Appraisers.

I think it's important for the committee members to know that the proponents of this bill have never contacted me personally nor have they contacted the Connecticut Association of Real Estate Appraisers in an effort to see how the appraisal profession in Connecticut can help address their needs. Instead, the proponents of this bill bypassed the appraisal profession altogether and went straight to the legislature in an effort to create a bill that would allow real estate agents to value real estate without having to obtain a real estate appraisal license.

I believe the alliance formed by the proponents speaks volumes as to their true motives. Moreover, I believe their actions confirm that this bill has less to do with seeking out less costly and faster appraisals which by the way appraisers do offer and more to do with attempting to eliminate the appraiser which has long been viewed by the proponents as an obstacle to their transaction.

I find it extremely disingenuous to hear the proponents of this bill say that appraisals are costly when in fact a typical appraisers fee for a single family home appraisal in Connecticut can range anywhere from $50.00 to $375.00 depending on the type of appraisal being developed. (The aforementioned range does not include complex properties which may yield a higher fee depending on complexity). Moreover, I find it extremely disingenuous to hear that appraisals are costly when in fact the very proponents of this bill such as mortgage bankers have no problem charging 1 point on the front end, 1 point on the back end or what ever the maximum is allowed by law for a particular transaction. Attorneys have no problem charging upwards of $350.00 per hour for their services and real estate agents and their brokers have no problem charging 5%, 6% and in some instances even 10% for their services. If the position of the proponents

of this bill is to save each homeowner money then perhaps the proponents themselves should look at how they can reduce their own fees to the homeowner rather than attack someone else's fees.

Unlike appraisers who must adhere to certain ethical standards as a condition of licensing in Connecticut no such standards exist with respect to real estate agents and/or their brokers. Lenders, attorneys or anyone for that matter can simply whisper the value needed in the ear of the realtor and the realtor will have little choice but to comply with their request if they plan on receiving more work from that particular client. Many long standing members of the committee will know that these are the same pressures that were placed on appraisers which in turn contributed to the collapse of the housing market.

While some may think that this won't happen, let me assure you that it happens more often than you would think. For instance, I was recently contacted by a homeowner to develop an appraisal for their bankruptcy. Upon receiving the assignment I contacted their attorneys office in an effort to gain an understanding as to how in depth of an appraisal would be needed for the court. Moreover, I wanted to see if the court would be willing to accept something less than a full appraisal thereby allowing me to pass the time savings on to the homeowner in the form of a reduced fee. The attorney's office quickly advised me that they didn't need an appraisal but rather some sort of value such as a market analysis. They even informed me of the value needed to satisfy the bankruptcy. I informed the attorney's office that I couldn't guarantee them a particular value but I assured them that I would be thorough and fair. The attorneys office then asked me not to proceed with an appraisal, moreover they acknowledged that they understood that appraisers have to adhere to certain ethical standards therefore they would just contact a local real estate agent that they have used in the past. I assured the person that I spoke with that the real estate agent would not be able to develop the market analysis for this particular purpose as they weren't permitted to do so under the law. The person then said that they didn't care what the law says. They went on to say that they have them done all the time! We simply tell the realtor what we need and they send it in.

The Connecticut Association of Real Estate Appraisers is open to working with any proponent of this Bill in an effort to address their needs, however I would strongly discourage the committee from passing this bill as in doing so will not only harm Connecticut Consumers but it will also create an inferior method of valuation as well contribute to the de-stabilization of our already fractured housing market.