



House of Representatives

General Assembly

File No. 256

February Session, 2012

Substitute House Bill No. 5417

House of Representatives, April 4, 2012

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING BROKER PRICE OPINIONS FOR MORTGAGE LOAN MODIFICATIONS.

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

1 Section 1. Section 20-526 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 (a) For purposes of this section, "loan modification" means a
4 modification to an existing loan made by a lender in response to a
5 borrower's long-term inability to repay the loan and may involve a
6 reduction in the interest rate on the loan, an extension of the length of
7 the term of the loan, or both.

8 (b) The provisions of sections 20-500 to 20-528, inclusive, concerning
9 the certification, licensing, limited licensing or provisional licensing of
10 real estate appraisers shall not apply to (1) any person under contract
11 with a municipality who performs a revaluation of real estate for
12 assessment purposes pursuant to section 12-62, [and] (2) any licensed
13 real estate broker or real estate salesperson who estimates the value of

14 real estate as part of a market analysis performed for the owner of the
 15 real estate or a designee of the owner, on such terms as may be agreed
 16 upon between such owner or the owner's designee and the real estate
 17 broker or real estate salesperson, and (3) any licensed real estate broker
 18 or real estate salesperson with at least five years of experience as a
 19 licensed real estate broker or real estate salesperson who estimates the
 20 value of real estate as part of a loan modification on a mortgage loan
 21 secured by such real estate for the mortgagee, as defined in section 49-
 22 8a, such mortgagee's agent, or an attorney representing such
 23 mortgagee, mortgagee's agent or owner of such real estate on such
 24 terms as may be agreed upon between such mortgagee, mortgagee's
 25 agent or attorney and the real estate broker or real estate salesperson.

26 (c) (1) The estimate of value set forth in subsection (b) of this section
 27 shall be for the purpose of (A) a prospective listing or sale of such real
 28 estate, (B) providing information to the seller or landlord under a
 29 listing agreement, [or] (C) providing information to a prospective
 30 buyer or tenant under a buyer or tenant agency agreement, or (D)
 31 providing information to a mortgagee, a mortgage servicer, as defined
 32 in section 49-8a, or an attorney representing such mortgagee, mortgage
 33 servicer or owner of the real estate secured by a mortgage loan for
 34 purposes of a loan modification on such mortgage loan, provided such
 35 estimate of value shall not be referred to or be construed as an
 36 appraisal. If such owner executes a listing contract with the real estate
 37 broker or real estate salesperson who so estimated the value of the real
 38 estate for the sale of the real estate and such real estate contains any
 39 building or other structure, occupied or intended to be occupied by no
 40 more than four families, then such owner shall be credited against any
 41 compensation the owner pays on account of such listing contract for
 42 any fee paid by the owner for such estimate of value.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	20-526

BA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill results in no fiscal impact to the state as it does not alter the responsibilities of the Department of Banking nor result in a change in the number of licensees required by the Department of Consumer Protection.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5417*****AN ACT CONCERNING BROKER PRICE OPINIONS FOR MORTGAGE LOAN MODIFICATIONS.*****SUMMARY:**

This bill extends the exemption from real estate appraiser certification and licensing to any licensed real estate broker or sales person with at least five years experience who estimates the value of real estate as part of a mortgage loan modification. The broker or sales person may provide an estimate, for (a) the mortgagee or the mortgagee's agent, or (b) an attorney representing the mortgagee or the mortgagee's agent, or (c) the owner of the real estate. The parties must agree to the terms of the estimate.

The purpose of the estimate must be to provide information for a mortgage loan modification to a mortgagee, a mortgage servicer, or an attorney representing a mortgagee, mortgage servicer or owner of real estate secured by a mortgage loan. The bill defines "loan modification" as a modification to an existing loan made by a lender in response to a borrower's long-term inability to repay the loan. The modification may involve a reduction in the loan's interest rate, an extension of the loan's term length, or both.

Current law exempts from real estate appraiser certification and licensing:

1. anyone under contract with a municipality who performs a revaluation of real estate for assessment purposes and
2. licensed real estate brokers or salespeople who estimate the value of real estate as part of a market analysis for the real estate owner or the owner's designee.

As under current law for those exempt from the appraiser requirements, the bill specifies that the real estate broker's or salesperson's estimate must not be referred to or construed to be a real estate appraisal.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 11 Nay 7 (03/20/2012)