



CONNECTICUT REALTORS®

111 Founders Plaza, Suite 1101 • East Hartford, CT 06108
Tel: (860) 290-6601 • ctrealtor.com

Statement on

H.B. 5501 (Raised): AN ACT AUTHORIZING A LIMITED SCOPE REAL ESTATE ESTIMATED VALUATION

SUPPORT WITH AMENDMENTS

Submitted to the Insurance and Real Estate Committee
March 13, 2014

By Donna Karnes
REALTOR®

Good afternoon Senator Crisco, Representative Megna and members of the committee. My name is Donna Karnes and I am a REALTOR® in Norwalk and the immediate past chair of the Legislative Committee of Connecticut REALTORS®. I appreciate the opportunity to speak in support with amendments to HB 5501.

The amendment we're presenting would expand the times when a real estate licensee can perform a Broker Price Opinion to additional, but limited, circumstances.

Those additional services would include when requested by a lender provided qualifications for a mortgage is not involved; or when requested by an attorney. Examples of times when those services may be requested include for non-lending purposes such as a lender's review of a portfolio that includes real estate, inter-family property sales, certain distressed loan situations, divorces, estate settlements, lawsuits, and prenuptial agreements.

I have practiced real estate for 32 years and have significant experience performing Broker Price Opinions.

- **A Broker Price Opinion is not an appraisal.** We ask the committee's understanding that providing a price on a property is an activity we perform daily as real estate licensees. We often do those for our seller or buyer clients; but are also asked to do these by attorneys and banks. There are states, such as New York and nine others, that even permit real estate licensees to conduct appraisals in non-federally related transactions, but we are not seeking in any way to perform an appraisal.
- **We are routinely asked to perform a professional service at no charge.** We request the committee's understanding that there are lenders and attorneys who would pay us, and routinely pay real estate licensees in other states for the exact same services, but we are unable to accept a fee. We are asking your consideration for single mothers in Connecticut like



me who are very hard working and professional, and should be able to be paid for our professional services. This is personal for me. You have the power to allow the economy to include paying thousands of real estate licensees in Connecticut.

- **We are not asking for something unique for real estate licensees.** Thirty-five states provide either unlimited or broad ability for real estate licensees to provide Broker Price Opinions for a fee; and an additional 10 states have permissions beyond Connecticut which includes services for a fee to include lien holders. The Department of Treasury permits Broker Price Opinions as viable option with the Home Affordable Modification Program, also known as HAMP, which involves millions of homeowners. We do want or need an appraisal license to conduct the professional service of a Broker Price Opinion.

We respectfully request your consideration in accepting our amendment to HB 5501 to expand permission for Broker Price Opinions for a fee in Connecticut. That amendment is attached to the written testimony.

And I respectfully request that your consideration in making this change now.

Thank you.

1 STATE OF CONNECTICUT

2 Bill No. 5501

3 LCO No.

4 General Assembly

5 February Session, A.D., 2014

6 Referred to Committee on INSURANCE AND REAL ESTATE

7 Introduced by:

8 (INS)

9 AN ACT AUTHORIZING A LIMITED SCOPE REAL ESTATE ESTIMATED
10 VALUATION.

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

12 Section 1. Subsection (a) of section 20-501 of the general statutes is repealed and the following is
13 substituted in lieu thereof (Effective October 1, 2014):

14 (a) No person shall act as a real estate appraiser or provisional appraiser or engage in the real estate
15 appraisal business without the appropriate certification, license, limited license or provisional license
16 issued by the commission, unless exempted by the provisions of sections 20-500 to 20-528,
17 inclusive. A certified appraiser may perform a limited scope real estate estimated valuation in
18 accordance with regulations adopted by the commissioner under subsection (b) of section 20-504, as
19 amended by this act.

20 Section 2. Section 20-504 of the general statutes is repealed and the following is substituted in lieu
21 thereof (Effective October 1, 2014):

22 (a) The Commissioner of Consumer Protection, with advice and assistance from the commission,
23 may adopt such reasonable regulations, in accordance with chapter 54, as the commissioner deems
24 necessary to carry out the provisions of sections 20-500 to 20-528, inclusive. Such regulations shall,
25 at a minimum, address real estate appraiser qualifications, continuing education, discipline, real
26 estate appraiser certification, licensing, limited licensing and provisional licensing applications and

27

28

1 renewals and shall require any real estate appraiser to comply with generally accepted standards of
2 professional appraisal practice as described in the Uniform Standards of Professional Appraisal
3 Practice issued by the Appraisal Standards Board of the Appraisal Foundation pursuant to Title XI of
4 FIRREA. The regulations shall further require (1) any real estate appraiser who wishes to enter in or
5 upon any premises not the subject of appraisal for purposes of estimating the value of comparable
6 real estate to (A) obtain the permission of the owner or occupier of the premises, and (B) identify
7 himself or herself as an appraiser, and (2) that a limited appraiser shall in any written statement,
8 including contracts, stationary and business cards, state that such limited appraiser shall not perform
9 an appraisal in connection with a federally related transaction, as defined in FIRREA.

10 (b) The commissioner, with advice and assistance from the commission, shall adopt regulations, in
11 accordance with chapter 54, to establish a limited scope real estate estimated valuation that may be
12 performed by certified appraisers. Such regulations shall include, but are not limited to, the form and
13 scope of such valuation, standards for the performance of such valuation and fees that may be
14 charged for such valuation.

15 Section 3. Section 20-526 of the general statutes is repealed and the following substituted therefor:

16 (a) The provisions of sections 20-500 to 20-528, inclusive, concerning the certification, licensing,
17 limited licensing or provisional licensing of real estate appraisers shall not apply to (1) any person
18 under contract with a municipality who performs a revaluation of real estate for assessment purposes
19 pursuant to section 12-62, and (2) any licensed real estate broker or real estate salesperson who
20 estimates the [value] sales price of real estate as part of [a market] an analysis of facts concerning the
21 amount asked, offered, or paid for similar real estate performed for the owner of the real estate or a
22 designee of the owner, on such terms as may be agreed upon between such owner or the owner's
23 designee and the real estate broker or real estate salesperson, for the purpose of (A) a prospective
24 listing or [sale] transfer of such real estate, (B) providing information to the seller or landlord under a
25 listing agreement, or (C) providing information to a prospective buyer or tenant under a buyer or
26 tenant agency agreement, provided such estimate of [value] price shall not be referred to or be

27

28

1 construed as an appraisal. [If such owner executes a listing contract with the real estate broker or real
2 estate salesperson who so estimated the value of the real estate for the sale of the real estate and such
3 real estate contains any building or other structure, occupied or intended to be occupied by no more
4 than four families, then such owner shall be credited against any compensation the owner pays on
5 account of such listing contract for any fee paid by the owner for such estimate of value}; (3) any
6 licensed real estate broker or real estate salesperson who estimates the sales price of real estate or
7 renders a broker price opinion as part of an analysis of facts concerning the amount asked, offered, or
8 paid for similar real estate performed at the request of any lender who purports to be the holder of a
9 mortgage on such real estate or a servicer or agent of such lender or at the request of any attorney for
10 the use of such attorney in the representation of a client, provided such broker price contains the
11 following disclosure statement: "Notwithstanding any language to the contrary contained in this
12 document or elsewhere, this broker price opinion is not an appraisal. If an appraisal is desired, or if
13 an appraisal is required by law, you must obtain the services of a real estate appraiser licensed or
14 certified pursuant to Chapter 400g, Connecticut General Statutes." (Effective October 1, 2014)
15 Section 4. Nothing in Section 3 shall be construed to authorize the use of a broker price opinion for
16 purposes of originating a mortgage loan or as an appraisal. (Effective October 1, 2014)
17 [PURPOSE: to permit lenders and attorneys-at-law to obtain broker price opinions and comparative
18 market analyses from real estate licensees for their internal purposes and permit them to pay a fee for
such opinions and analyses.]

19

20

21

22

23

24

25

26

27

28