

TESTIMONY OF PETER A. VIMINI, MAI
REGARDING H.B.6677
AN ACT CONCERNING BROKER PRICE OPINIONS
INSURANCE AND REAL ESTATE COMMITTEE
THURSDAY, FEBURARY 19, 2015

Good Afternoon Chairman Crisco, Chairman Megna and Members of the Committee:

My name is Peter Vimini and I am both a licensed real estate broker and certified appraiser in the State of CT. I am here to speak in opposition of HB 6677, An Act Concerning Brokers Price Opinions. My career started in 1976 selling real estate and I started appraising in 1979. I hold the internationally recognized MAI designation for real estate appraising. During my career I have been both legislative chairman and president of a local board of REALTORS and was on the legislative committee of CAR. During that tenure, I was instrumental in getting legislation passed for psychologically impacted properties working with legislators Robert Frankel and Richard Tulisano which has been key legislation for both the consumer and the real estate industry.

Over the past 38 years, I have seen three significant real estate market shifts, two of which involved bank failures, the most recent in 2008; we are still seeing changes taking place since it occurrence. As a result of these market changes, the Appraisal Institute has been in the forefront for the protection of consumer confidence and PUBLIC TRUST with the adoption of standards and ethic codes. We have also seen changes to the practice of real estate brokerage with adoption of disclosure, buyer agency, seller representation all for the purpose of protecting the consumer and ensuring PUBLIC TRUST for our industries. With that in mind I appear before you to outline my concerns and opposition to this bill.

Real estate appraisers must adhere to Standards adopted by the industry commonly referred to as USPAP-Uniform Standards of Professional Appraisal Practice, and if a member or candidate member of the Appraisal Institute higher standards as well. These standards have been adopted and incorporated by the

lending industry, secondary market and judicial systems in our country. All for the purpose of insuring Public Trust. Appraisers must be impartial, objective, and independent and without accommodation of personal interests. This is part of our ethic rule of conduct that all appraisers must adhere too. The standards pertaining to the performance of an appraisal, the appraisal report are all addressed in Standards 1, 2 and 3 of USPAP. Brokers or salespersons do not have to comply with these standards when performing valuation work.

Real Estate appraisers must be licensed or certified in the State of Connecticut and must perform appraisal services in conformance with USPAP. Governance of an appraisers work product, and conduct falls under the Real Estate Appraisal commission who has the regulatory power. No such regulations exist for real estate brokers or salespersons performing valuation work if this bill is passed. If a real estate broker or salesperson fails to provide competent services, the real estate appraisal commission has no powers of enforcement as they are not licensed or certified, and nor does the real estate commission as they have not adopted valuation standards. This bill creates the perfect vacuum for a broker or salesperson to perform valuation work without regulatory oversight.

With the passing of this bill, brokers and salesperson will be able to value real property for estates, tax appeals, etc. for a fee or other valuable consideration, as outlined in the bill – see line 27 and 28. This does not sound like protecting PUBLIC TRUST. Can they charge a percentage of the tax savings like a tax consultant, yes they can. This means they are advocates of the client and do not represent an impartial, objective, and independent valuation that another party can rely on.

This bill will create confusion in the real estate industry with the home buyer and seller being confused on who represents who in the valuation of real estate. In essence, many real estate appraisers can give up their appraisal license and operate with the salesperson license without oversight. The only market that would exist for licensed appraisers is in the lending arena which requires licensed appraisers for federally related transactions.

The wording of this bill (line 31"provide a price opinion or provide an estimate of the value of real estate, provided such analysis, opinion or estimate shall not be referred to or be construed as an appraisal"). This alone speaks to its attempt to provide brokers and salespersons the ability to provide valuation work without regulatory oversight. If you call it an appraisal, then you must provide services that are impartial, objective, and independent and without accommodation of personal interests. If you call it an appraisal it must conform to industry standards and the appraiser must have completed 200-300 hours of educational requirements along with 2500-3000 experience hours over 2-2½ years and have an associate or bachelor degree. However, if **you do not** call it an appraisal, then there is no real estate appraisal commission oversight - the door is left wide open for valuation services without regulatory enforcement.

The consumers of the State of Connecticut have been well served for their real estate needs over the years by having licensed real estate brokers and salespersons and licensed and certified real estate appraisers. Their functions are different and essential for an efficient real estate market to operate especially during times of change, and with some many social media interferences occurring, less confusion is the better course of action. The passing of this bill will only add to more confusion and I therefore ask that you reject this bill.

Respectfully submitted,



Peter A. Vimini, MAI

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