



**House
Legislative
Analysis
Section**

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**REAL ESTATE APPRAISER
EXEMPTION**

**Senate Bill 155 (Substitute H-1)
First Analysis (2-23-94)**

**Sponsor: Senator Mat J. Dunaskiss
House Committee: State Affairs
Senate Committee: State Affairs and
Military/Veteran Affairs**

THE APPARENT PROBLEM:

Licensed real estate brokers sometimes are asked to perform market analyses for various purposes. For example, a divorce attorney might seek a market analysis for purposes of a property settlement, a prospective property seller might want a comparative market analysis before listing the property, or a property owner might need a comparative market analysis to protest an appraisal before the tax tribunal. Currently, brokers cannot receive a fee for this service unless they also are licensed as real estate appraisers. This means, for example, that a broker might perform a gratuitous appraisal for a potential client, in anticipation of obtaining the listing, only to find the property listed with a competitor, or for sale by owner. It has been suggested that an exception to the appraiser licensure requirements be made for licensed brokers.

THE CONTENT OF THE BILL:

The bill would amend the Occupational Code to exempt from the definition of "appraisal" a market analysis of real property for a fee performed by a broker or associate broker licensed under the code that did not involve a federally-related transaction. Further, the bill would require that the market analysis be put in writing and that it state in boldface print that "This is a market analysis, not an appraisal and was prepared by a licensed real estate broker or associate broker, not a licensed appraiser". Failure to provide such a notice would result in license sanctions against the broker. Under the act, "appraisal" means an opinion, conclusion, or analysis related to value of real property, with certain exceptions. "Federally related transaction" means any real property related financial transaction that a federal financial institution, regulatory agency, or the resolution trust corporation engages in, contracts for, or regulates, and that requires the

services of an appraiser under specific federal regulations.

MCL 339.2512 and 339.2601

FISCAL IMPLICATIONS:

According to the Department of Commerce, the bill has no fiscal implications for the state or local government. (2-22-94)

ARGUMENTS:

For:

The bill simply would enable licensed brokers and associate brokers to collect a fee for performing market analyses, as long as an analysis did not involve a federally related transaction. Currently, brokers are allowed to provide this service, but are not allowed to receive a fee. Reportedly, many transactions are federally related, although federal law does not require a licensed appraiser for transactions under \$100,000. Michigan law does not have a similar exception, so an appraisers license is required for transactions of any amount. The bill would create a reasonable exception to this requirement.

POSITIONS:

The Michigan Association of Realtors supports the bill. (2-17-94)

The Great Lakes Chapter of the Appraiser's Institute is not opposed to the bill. (2-17-94)

The Bureau of Occupational and Professional Regulation (in the Department of Commerce) does not have a position on the bill.

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