



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 863

PRINTERS NO. 1930

PRIME SPONSOR: Rothman

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
Professional Licensure Augmentation Account	\$0	\$0
Real Estate Recovery Fund	\$0	\$0

SUMMARY: Amends the Real Estate Licensing and Registration Act to increase the educational requirements for the salesperson license and to authorize brokers and salespersons to prepare Broker Price Opinions. This legislation would take effect in 60 days.

ANALYSIS: This legislation amends the Real Estate Licensing and Registration Act (Act 9 of 1980) to do the following:

- Adds definitions for the terms “Broker price opinion” and “Short sale”. A Broker Price Opinion (BPO) is essentially an estimate prepared by a broker or salesperson that details the probable selling price of a particular property, and includes details about the property’s condition, market and neighborhood.
- Modifies the definition of “Comparative market analysis” (CMA) by allowing licensees to prepare a CMA for additional categories of consumers – a potential buyer, lessor, lessee or a person performing due diligence related to the potential listing, offering, sale, option, lease or acquisition price of a particular property.
- Increases the number of hours of real estate instruction required to sit for the salesperson examination from the current 60 hours to 75 hours. Provides that those who have already completed a portion of the hours prior to the effective date are only required to complete 60 hours. Also establishes that the 75 hours of instruction must be completed within 5 years of taking the salesperson license examination.
- Adds a new requirement that applicants for the salesperson license must have a high school diploma or its equivalent.
- Adds a new section authorizing brokers, associate brokers and salespersons to prepare Broker Price Opinions (BPO) under specified conditions.
 - A BPO may be prepared only for use in conjunction with:
 - a property owned by a lender after an unsuccessful sale at a foreclosure auction
 - a modification of a first or junior mortgage or equity line of credit
 - a short sale (a sale of real property in which the proceeds fall short of the amount required to pay off all liens secured by the property), or
 - an evaluation or monitoring of a portfolio of properties

- A BPO shall not be deemed to be an appraisal under the Real Estate Appraisers Certification Act, or a valuation of real estate under the Appraisal Management Company Registration Act.
- Licensees may not prepare or sign a BPO unless they have completed education in the preparation of BPOs, and completed at least 3 hours of continuing education in BPO topics, prescribed by the rules of the State Real Estate Commission.
- A salesperson may not prepare a BPO unless they have held an active license for the 3 years immediately preceding the date of the BPO.
- The responsible broker must sign all BPOs, including those prepared by a salesperson, and any fees charged shall be paid to the broker.
- The State Real Estate Commission is authorized to promulgate temporary regulations to implement the provisions regarding BPOs.
- Adds language to ensure the Real Estate Recovery Fund shall not apply to any claims related to BPOs.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: June 13, 2017

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.