

**STATE OF CONNECTICUT
CONNECTICUT REAL ESTATE APPRAISAL COMMISSION
Minutes of Meeting
February 11, 2015**

The meeting was called to order by Shawna Baron, Commissioner, at 8:56 a.m. in Room-126 of the State Office Building, 165 Capitol Avenue, Hartford, Connecticut.

Commission Members Present: Gerald Rasmussen (Cert. Gen. App. – 4th District)
Nicholas J. Tetreault (Cert. Gen. App. - 3rd District)
(Commissioners Rasmussen and Tetreault attended meeting by phone)

John J. Galvin Jr. (Cert. Gen. App. – 5th District)
Shawna M. Baron (Cert. Res. App – 5th District)
Norris Hawkins (Public Member - 1st District)

Commission Members Absent: Christopher Italia, Chairman (Cert. Gen. App. - 1st District)

Commission Vacancies: Public Member (2)

Commission Counsel Present: Alan N. Ponanski, Assistant Attorney General
Charles Walsh, Assistant Attorney General

DCP Staff Present: Linda Kieft-Robitaille
Vicky Bullock
Robin Washbond
Richard Maloney

Public Present: John Goncalves Timothy Lillis
Michelle Gamache Stephane Cammarata
Terrence Obey Michael Martone

Note: The administrative functions of the Boards, Commissions and Councils are carried out by the Department of Consumer Protection, Occupational and Professional Licensing Division. For information contact Richard M. Hurlburt, Director, at (860) 713-6135 or Fax: (860) 713-7230.

Department of Consumer Protection Web Site: www.ct.gov/dcp
Division E-Mail: DCP.OccupationalProfessional@ct.gov

MINUTES OF PREVIOUS MEETINGS

It was moved by Commissioner Hawkins, Commissioner Galvin 2nd, and the motion carried unanimously to approve the minutes of the January 14, 2015 CT Real Estate Appraisal Commission meeting.

NEW APPLICANTS

1. Shelley Caccamo, RSP – Seeking approval of logs and sample selection

It was moved by Commissioner Galvin, Commissioner Tetreault 2nd, and the motion carried unanimously to approve the logs. Samples were selected.

2. Stephane Cammarata – Seeking review and approval of sample selection. Upgrading from RCR to RCG

It was moved by Commissioner Galvin, Commissioner Rasmussen 2nd, and the motion carried unanimously to grant conditional approval pending further review.

3. Timothy Lillis, RSP – Seeking review and approval of sample selection

It was moved by Commissioner Hawkins, Commissioner Galvin 2nd, and the motion carried unanimously that Mr. Lillis must submit three additional samples to include multifamily, single family, and condo that were completed within the last six months.

REQUESTING EQUIVALENT EDUCATION CREDIT

4. William Picoli, RCG – Seeking 7 hours CE credit for Appraisal Institute course, Commercial Real Estate Finance: Trends & Outlook (Metro NY Chapter)

It was moved by Commissioner Rasmussen, Commissioner Hawkins 2nd, and the motion carried unanimously to approve 7 hours CE credit.

5. Michael Preneta, RCR – Seeking CE credit for a la mode, inc. courses

It was moved by Commissioner Hawkins, Commissioner Rasmussen 2nd, and the motion carried unanimously to approve 3 hours CE credit.

LEGAL

Case# 2014-15

It was moved by Commissioner Hawkins, Commissioner Rasmussen 2nd, and the motion carried unanimously to revoke the real estate appraiser license of Anthony Martingano.

NEW BUSINESS

It was moved by Commissioner Galvin, Commissioner Hawkins 2nd, and the motion carried unanimously to add Michael Martone to the agenda.

Michael Martone, Lobbyist with Murtha Cullina LLP, and representing the CT Chapter of the Appraisal Institute appeared before the Commission to provide information relating to Raised Bill No. 6677, "*An Act Concerning Broker Price Opinions*" currently before the Insurance and Real Estate Committee.

It was moved by Commissioner Hawkins, Commissioner Rasmussen 2nd, and the motion carried unanimously that the Commission will draft a letter and submit to the Insurance and Real Estate Committee, a joint statement regarding Raised Bill No. 6677.

OLD BUSINESS

- **John Goncalves**

It was moved by Commissioner Rasmussen, Commissioner Tetreault 2nd, and the motion carried unanimously to table this matter to the next meeting.

- **Provisional appraisers not upgrading – Can they reapply / extension**

It was moved by Commissioner Rasmussen, Commissioner Tetreault 2nd, and the motion carried unanimously to table this matter to the next meeting.

- **DOT / EOC Appraisal Analysis**

Terrence Obey, Director (ROW) appeared before the Commission today.

Charles Walsh, Assistant Attorney General, representing the Real Estate Appraisal Commission in this matter, commented that the February 11, 2015 letter drafted by Commissioner Galvin to the Appraisal Commission is intended to address all the issues that the DOT had with respect to this matter, he notes that this letter has no legal force or effect with respect to the fact that it is not a regulation of the State of Connecticut and it is not a declaratory ruling; but was drafted to give a level of comfort to the DOT, so the DOT could move forward with its practices and procedures without having fears of being in violation of the statutes and regulations of the Connecticut Real Estate Appraisal Commission.

It was moved by Commissioner Galvin, Commissioner Hawkins 2nd, and the motion carried unanimously to accept Commissioner John Galvin's letter dated February 11, 2015 into the minutes and that the letter include the revised copy of the EOC.

The Commission requested that as part of the record, John Galvin's letter be made part of today's Minutes.

February 11, 2015

*Mr. Christopher Italia, Chairman
State of Connecticut
Department of Consumer Protection
Connecticut Real Estate Appraisal Commission
Room 126, State Office Building, 165 Capitol Avenue
Hartford, CT 06106*

Mr. Chairman:

At the suggestion of the Connecticut Real Estate Appraisal Commission (the Commission), I have met with Terrence J. Obey, Director of the Division of Rights of Way for the Connecticut Department of Transportation (DOT). It is my understanding the concern of the Commission is that:

- 1. The existing DOT policy and procedures may cause a State Certified General Real Estate or State Certified Residential Real Estate Appraiser (licensed appraiser) of the DOT or an employee who does not have an appraisal license to violate the State of Connecticut Real Estate Appraisal Licensing Law.*
- 2. Existing licensed Connecticut Real Estate Appraisers may not be complying with the Uniform Standards of Professional Appraisal Practice (USPAP).*

The purpose of the visit was to get clarification of the DOT's internal structure between the Appraisal Division and the Acquisition and Relocation Division, as well as to understand the duties of those specifically involved in the Acquisition and Relocation Division who develop Estimates of Compensation (EOC) for the property rights proposed to be acquired. After reviewing the organizational flow of work within the Division of Rights of Way, as it pertains to Acquisition and Relocation Division, I have concluded that the existing structure and duties of developing EOC's does not cause an employee who holds a Connecticut real estate appraiser license to violate either our Connecticut Real Estate Appraisal Licensing Law or USPAP.

Currently, only licensed real estate appraisers are conducting real estate appraisal valuations and real estate appraisal reviews under the Appraisal Division. Some of the work is outsourced to a licensed appraiser on the State of Connecticut approved appraisal list. To be on the approved list, an appraiser must be a State Certified General or Residential Real Estate Appraiser. It is my understanding that the Scope of Work for any ordered appraisal outside of the DOT is required to be compliant with USPAP. I have also been informed by Mr. Obey that all appraisal assignments prepared by staff appraisers are also to be compliant with USPAP.

Regarding the organization workflow of the Acquisition/Relocation Division, DOT employees that develop EOC's and negotiate an acquisition of property rights are classified as Property Agents (Agents). As part of negotiating the acquisition of property rights, the Agent develops an EOC and makes an offer to the property owner. The EOC is a recognized compensation process under federal law, codified under

49 CFR, Part 24.102 of the Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs. Under 49 CFR 24, EOC's can only be developed if the estimated compensation for the acquisition does not exceed \$25,000; however, I have been informed that DOT has a self-imposed limit of \$10,000 for EOC's. So, the acquisition of property rights estimated at more than \$10,000 requires that an appraisal be produced. Additionally, since federal law does not recognize the EOC as an appraisal, the DOT orders appraisals for all acquisitions that will be litigated, regardless of the amount of compensation. An acquisition where the EOC indicates total compensation is more than \$10,000, the DOT has a mandate that an appraisal must be ordered.

Often, the EOC is developed just to assist the DOT in applying for various grants/federal funding and is a task completed long before a DOT project receives final approval and/or funding, or even before property owners are contacted. Though 49 CFR refers to the offered price / compensation as a value, the process essentially is similar to what a real estate broker does when conducting a market analysis in creating a Broker's Price Opinion (BPO) in order to set a price for a listing arrangement. When the EOC involves estimating costs, such as relocating a sign or entry way, the task is similar to a developer obtaining costs. Essentially, the process is not a valuation analysis, but an analysis for a compensation offer. Unfortunately, 49 CFR causes semantic confusion with the use of the word 'value' pertaining to the EOC.

*The first paragraph of the EOC specifically states 'This form does not constitute an appraisal as defined by USPAP'. It is simply an offer amount, along with listed compensation for any costs or other acquisitions such as drainage easements, slope easements, construction easements, etc. Thus, the tasks of the Agent can be performed by employees who are not a State Certified General or Residential Real Estate Appraiser without concern of violating our Connecticut State Real Estate Licensing Law. DOT employees who hold a valid real estate appraisal license can also carry out the functions of a DOT Agent without risk of violating our Connecticut Real Estate Appraisal Licensing Law or USPAP, **as long as they are not presenting themselves as an appraiser.***

Please note the Real Estate Appraisal Commission did have a concern over the wording at the bottom of the form that previously contained the word 'value'. Attached you will find an updated Estimate of Compensation form. The DOT has modified the form to reflect that the word 'value' has been eliminated in the certification sentence at the bottom of the EOC report. I have been informed this revision became effective January 15, 2015.

*John J. Galvin
Commissioner, Connecticut Real Estate Appraisal Commission
State Certified General Real Estate Appraiser*

- **Discussion: DOT/Rental justification**

Terry Obey, Director, (ROW) appeared before the Commission to discuss DOT employees establishing a rent administratively for a property that is owned by the Commissioner of DOT.

The Commission determined that it is not an issue that needs to be addressed, as it was previously decided by the Commission that any property owner can estimate a market rent for their own property at any given time.

SCHOOL AND COURSE APPLICATIONS

American Society of Farm Managers and Rural Appraisers

Appraisal Review Under USPAP (A370)	18 hrs CE
Appraisal Review Under Uniform Appraisal Standards for Federal Land Acquisition (A308)	16 hrs CE
Advanced Appraisal Review Case Studies (A390)	16 hrs CE
Introduction to Appraisal Review (A360)	14 hrs CE
Advanced Rural Case Studies (A400)	18 hrs CE

Appraisal Institute

Basic Appraisal Procedures	30 hrs PL
Basic Appraisal Procedures	18 hrs CE
Advanced Residential Report Writing, Part 2	18 hrs CE
The Appraiser as an Expert Witness: Preparation & Testimony	16/15 hrs CE
Litigation Appraising: Specialized Topics & Applications	16/15 hrs CE
Advanced Income Capitalization	33 hrs PL
Advanced Income Capitalization	18 hrs CE
Quantitative Analysis	35 hrs PL
Quantitative Analysis	18 hrs CE
Contract or Effective Rent: Finding the Real Rent	4 hrs CE

CT Association of Assessing Officers

Evaluating Commercial Construction	'Tabled' CE
Evaluating Commercial Construction	'Tabled' PL

Eastern Connecticut Association of Realtors

How Did Mortgage Financing Get Here?	3 hrs CE
Water, Water, In My Backyard	3 hrs CE
Water, Water, Everywhere	3 hrs CE

Greater Hartford Association of Realtors

How Things Might Work	3 hrs CE
Real Estate Economics – A Primer	3 hrs CE

Jones Real Estate School

Real Estate Economics – A Primer	3 hrs CE
How Things (Might) Work	3 hrs CE

McKissock, LP

Residential Appraiser Site Valuation and Cost Approach (on-line)	15 hrs PL
Appraisals of Owner-Occupied Commercial Properties (on-line)	7 hrs CE
Appraisal of Industrial Incubators (on-line)	7 hrs CE

Massachusetts Board of Real Estate Appraisers

Breakfast with the Experts: Residential Appraising for Lenders Update- Collateral Underwriter & Residential Appraisal Update	3 hrs CE
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New Haven Middlesex Real Estate School

Real Estate Economics-A Primer	3 hrs CE
How Things (Might) Work	3 hrs CE

OnCourse Learning Corp., dba Career Webschool

Residential Market Analysis & Highest & Best Use (on-line)	15 hrs PL
Residential Market Analysis & Highest & Best Use (on-line)	14 hrs CE
Residential Appraiser Site Valuation & Cost Approach (on-line)	15 hrs PL
Residential Appraiser Site Valuation & Cost Approach (on-line)	14 hrs CE

Real Estate Training Educational Services (RETES)

Basic Appraisal Principles	30 hrs PL
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Tiger Group, Inc.

Innovations in Sustainable Housing – Green Building Best Practices	3 hrs CE
Environmental Issues – Evolution to Resolution! Radon, Mold, Lead and more.....	3 hrs CE

Van Education Center, LLC

Basic Appraisal Principles (on-line)	30 hrs PL
Basic Appraisal Procedures (on-line)	30 hrs PL

It was moved by Commissioner Tetreault, Commissioner Hawkins 2nd, and the motion carried unanimously to approve the above schools/courses as amended.

FAREWELL

After 19 years as Commissioner, Commissioner Nicholas Tetreault announced his resignation from the Connecticut Real Estate Appraisal Commission today. He was honored by the Commission and Department staff for his hard work and dedicated service exhibited while serving the Real Estate Appraisal community on behalf of the State of Connecticut.

ADJOURN

It was moved by Commissioner Tetreault, Commissioner Hawkins 2nd, and the motion carried unanimously to adjourn the meeting at 10:24 a.m.

Respectfully submitted,

Robin Washbond
Commission Secretary

The next meeting of this Commission is scheduled for Wednesday, March 11, 2015 at 8:30 a.m. – Room 126