

**TESTIMONY****SB 5 – Revise Laws Governing Real Estate Appraisers**

**Senate Business, Labor and Economic Affairs Committee  
Jan. 14, 2005, 9:00 a.m., Room 422**

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The Montana Association of REALTORS® has nearly 3800 members and affiliates throughout the state. A considerable portion of our affiliates include real estate appraisers.

Based on feedback that we have received from our real estate appraiser members, we rise in opposition to SB 5.

The initiators of this bill seek to make it easier for rural Montanans to offer real estate appraisal services. This may seem like a laudable goal. But, to put it simply, this bill is likely to create more problems for Montana consumers and industry than create opportunity in rural Montana.

Although SB 5 does not eliminate the required course study for real estate appraiser licensure, it in effect eliminates the experience requirement pursuant to Montana Code Annotated ~~37~~54-202(1)(c). The experience requirements require an appraiser to complete 2000 hours within two years working under the supervision of a sponsor.

The course study completed by an appraiser is certainly valuable. But it's only the first step to becoming a fully-licensed appraiser. The course study provides the basic knowledge for someone seeking to be an appraiser. The experience requirements provide the practical know-how – the streets smarts, if you will. While working under a sponsor, an appraiser actually learns the trade.

According to real estate appraisers that I have spoken to over the past week, eliminating the experience requirement is akin to eliminating the journeyman experience for electricians, carpenters, plumbers, or any skilled trade.

If SB 5 is passed into law and the experience requirements are effectively eliminated, what will be the impact on consumers and industry? Are consumers protected by a less experienced, unsupervised real estate appraiser? Will REALTORS® contract with appraisers that have minimal experience? Will banks want to contract with provisionally licensed appraisers?

From what I'm told, the federal government will not contract with a real estate appraiser who does not meet the 2000-hour experience requirement. That rules out Fannie Mae and Freddie Mac. Ultimately, will provisionally-licensed real estate appraisers be able to find work?

There will be too many negative unintended consequences resulting from SB 5. We urge you to oppose it.