

The Delaware Real Estate Commission has requested that the members of the NCCBOR be notified of the following letter: The letter, dated November 28, 2007, is from Donald E. West, Chairman of the Council on Real Estate Appraisers:

Dear Commission Members:

As you are aware, the Delaware Council on Real Estate Appraisers is charged with the responsibility under Chapter 40 of Title 24 to protect the public, specifically those persons who are the direct recipients of appraisal services. A major portion of this undertaking is the licensing and regulation of those who perform appraisals in the state.

Delaware is a mandatory state. This means that a Delaware licensed or certified appraiser must prepare all appraisals, including those for loan purposes. The statute defines an appraisal as an analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specific interests in, or aspects of, identified real estate as of a specific date. The Uniform Standards of Appraisal Practice defines an appraisal as an Opinion of Value.

Barrons's banking dictionary defines a Broker's Opinion of Value as "an estimate of the probable selling price of residential property based on comparable prices of comparables properties in the area, or a drive-by inspection, which is often used by a mortgage service as an alternative to a full property appraisal when a loan is in default or loan terms are being modified. This is also called a *competitive market analysis*."

Section 4019 of Subchapter III of Chapter 40 of Title 24 says this statute "shall not apply to any Delaware licensed real estate sales person or broker, who prepares a *competitive market analysis survey* used **only** for the purpose of listing a property for sale or lease."

The members of Council are of the opinion the completion of Broker Price Opinions by anyone for any purpose other than for a listing presentation is in violation of Chapter 40 of Title 24.

Our statute provides a penalty: "if (anyone) is found guilty of engaging in the practice of appraising, or using in connection with the person's name, or otherwise assuming or using any title or description conveying, or tending to convey the impression that the person is qualified to act as an appraiser, such offender shall be guilty of a misdemeanor."

The fine shall not be less than \$500 or more than \$1,000 for the first offense. For a second or subsequent conviction, the fine shall be not less than \$1,000 or more than \$2,000 for each offense.

Few lenders know that Delaware is a mandatory state. It is a violation of the statute for a real estate agent or broker to complete a competitive market analysis or broker's price opinion to be used for lending purposes. Agents and Brokers must know and understand Delaware law regarding this issue.

We are requesting your assistance in notifying members of the real estate community about the Council on Real Estate Appraisers' regulations. If you have any questions, please do not hesitate to contact the Council at (302) 744-4500.