

AMENDED IN SENATE AUGUST 22, 1995

AMENDED IN SENATE JUNE 26, 1995

AMENDED IN ASSEMBLY MAY 16, 1995

AMENDED IN ASSEMBLY MAY 4, 1995

AMENDED IN ASSEMBLY APRIL 3, 1995

CALIFORNIA LEGISLATURE—1995-96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1429**

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**Introduced by Assembly Member Kuykendall**

February 24, 1995

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An act to add Section 10232.6 to the Business and Professions Code, relating to real estate.

LEGISLATIVE COUNSEL'S DIGEST

AB 1429, as amended, Kuykendall. Real estate: appraisals.

Under existing law, in specified circumstances, a licensed real estate broker is required to give to the purchaser of real property, among other things, information regarding the fair market value of the property.

This bill would provide that a real estate broker who arranges for or engages the services of a licensed or certified appraiser and delivers the appraisal to the prospective lender and prospective purchaser, has met the obligation of full and complete disclosure solely regarding the estimated fair market value of the property, and is not required to provide a separate estimate of fair market value, as specified. This bill would provide that it is not intended to relieve the broker—of

~~any obligation or requirement, as specified~~ *but the duty of disclosure is not deemed met where the broker knew or should have known that the referral was negligently made or that the fair market value provided was inaccurate.*

*This bill would also provide that its provisions apply only to loan transactions, and have no effect on a real estate broker's duties of disclosure in purchase or sales transactions.*

This bill would also provide that it would become operative on the effective date of prescribed regulations that are adopted by the Office of Real Estate Appraisers, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 10232.6 is added to the Business  
2 and Professions Code, to read:

3 10232.6. (a) A real estate broker, acting within the  
4 course and scope of his or her license, who arranges for or  
5 engages the services of an appraiser licensed or certified  
6 by the Office of Real Estate Appraisers for the applicable  
7 transaction, and delivers the resulting appraisal to the  
8 prospective lender and prospective purchaser as  
9 required by Section 10232.5, has met the brokers'  
10 obligation of full and complete disclosure solely pursuant  
11 to paragraph (2) of subdivision (a) of Section 10232.5 and  
12 paragraph (2) of subdivision (b) of Section 10232.5, and  
13 is not required to provide a separate estimate of fair  
14 market value under Section 10232.5 ~~or other applicable~~  
15 ~~provisions of law.~~

16 (b) This section shall not apply in instances where the  
17 licensed or certified appraiser is an employee of the  
18 ~~broker, nor shall this section prevent a showing that the~~  
19 ~~broker negligently referred an assignment to the licensed~~  
20 ~~or certified appraiser.~~ *broker. However, the duty of*  
21 *disclosure shall not be deemed met where the broker*  
22 *knew or should have known that the referral was*  
23 *negligently made or that the fair market value provided*  
24 *by the appraiser was inaccurate.*



1 (c) Nothing in this section is intended to relieve the  
2 broker of any obligation or requirement to disclose what  
3 he or she knows about the value of the property.

4 (d) *This section shall apply only to loan transactions*  
5 *and shall have no effect on a real estate broker's duties of*  
6 *disclosure in purchase or sales transactions.*

7 (e) This section shall become operative on the  
8 effective date of regulations that are adopted by the  
9 Office of Real Estate Appraisers pursuant to Section 11412  
10 of the Business and Professions Code, relating to the Real  
11 Estate Appraiser Recovery Account, in accordance with  
12 the Administrative Procedure Act, Chapter 3.5  
13 (commencing with Section 11340) of Division 3 of Title  
14 2 of the Government Code.

