

Assembly Bill No. 1429

CHAPTER 733

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

[Approved by Governor October 9, 1995. Filed
with Secretary of State October 10, 1995.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1429, 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 to disclose what he or she knows about the value of the property. It would also provide that 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.

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

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

10232.6. (a) A real estate broker, acting within the course and scope of his or her license, who arranges for or engages the services of an appraiser licensed or certified by the Office of Real Estate Appraisers for the applicable transaction, and delivers the resulting appraisal to the prospective lender and prospective purchaser as required by Section 10232.5, has met the brokers' obligation of full and complete disclosure solely pursuant to paragraph (2) of



subdivision (a) of Section 10232.5 and paragraph (2) of subdivision (b) of Section 10232.5, and is not required to provide a separate estimate of fair market value under Section 10232.5.

(b) This section shall not apply in instances where the licensed or certified appraiser is an employee of the broker. However, the duty of disclosure shall not be deemed met where the broker knew or should have known that the referral was negligently made or that the fair market value provided by the appraiser was inaccurate.

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

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

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

