

HB 8464

PA 718

1971

Insurance & Real Estate 225-228, 245, 257-258

House 5333

Senate 3408

**JOINT
STANDING
COMMITTEE
HEARINGS**

**INSURANCE
AND
REAL ESTATE**

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Thomas Sullivan, Attorney with the Connecticut General Life Insurance Company: I am here not to express an opinion one way or another on this particular bill but to commend to the committee's attention HB-6378 which is currently in the Public Health and Safety Committee and that bill seems to be a more comprehensive bill than HB-8481 and it is also conforms to the model bill which was prepared by the National Association for Retarded Children. And that's all I have to say on the bill.

Sen. Dinielli: Thank you very much. Before we go on to the real estate portion now according to the bulletin, I'd like to turn the chair over to Sen. Crafts who is a freshman senator this year and ask him to chair the meeting for the next half hour.

Sen. Crafts: Thank you Sen. Dinielli. We would go with HB-8464 as the first item to discuss. Kindly step forward and identify yourself.

James Carey, representing the Connecticut Real Estate Commission: I'd like to pass out to you for your own convenience a feature story that was printed in one of our local newspapers here concerning the legislative package which we are going to talk about here today.

Gentlemen the ten real estate bills being heard here today by this committee specifically HB-8458 through and including HB-8467 are being introduced by the Connecticut Real Estate Commission for your consideration.

The primary purpose and intent of these bills is to strengthen the real estate industry by strengthening the real estate licensing law and in so doing safeguard the public's interest. The proposed legislation before you has the most part been drafted to eliminate serious problems being experienced by the real estate commission and its 20,000 licensees and the public.

Your favorable consideration and enactment of this legislation will result in enable the Real Estate Commission to function more effectively in carrying out its many duties and responsibilities.

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James Carey continued:

More important it will result in the up-grading of the quality of practitioners of real estate by raising educational requirements and establishing effective but fair regulatory controls which will bring about ultimate professionalism for the industry in the best interest of our primary concern for the public.

The necessity for this legislation is supported by documented facts, statistics and experience. We have carefully examined and studied the problems that confront not only the commission but the real estate industry and the public. We have researched and studied existing laws of other states which were enacted with the intent to control and solve these problems. We have consulted with our fellow colleagues in other states concerning our problems and we have consulted with our Attorney General and the Legislative Commissioner's Office. We have made our legislative proposals aware to the industry and we have left our doors open to recommendations and constructive criticism of which we have welcomed and have considered.

For the most part the Commission is wholeheartedly supported by the industry, and our proposed legislation meets their approval subject to a few minor amendments of which we have discussed and mutually agreed upon.

I have prepared individual statements up to supporting each bill which I am submitting for your consideration and if there are any questions concerning any one of these bills, I'll gladly attempt to answer them at this time.

Sen. Crafts: The present speaker has remarked on HB-8464 and HB-8467 are there any questions from any members of the Committee? May we have the bill numbers again?

Mr. Carey: The bill numbers are 8458 through and including HB-8467. It is all the real estate bills that are scheduled to be heard today.

Rep. Vicino: You didn't address yourself specifically to any one bills, you just hit them all in a package. Do you intend to go through the bills one by one.

Mr. Carey: I have a detailed statement here on each bill if you would like me to discuss the bills.

Rep. Vicino: Well just looking at the first one I think I would like to discuss that one with you to begin with. HB-8454.

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Rep. Vicino: I would like to question on HB-8464.

Mr. Carey: Yes, HB-8464 is AN ACT CONCERNING THE REMUNERATION OF THE MEMBERS OF THE REAL ESTATE COMMISSION and briefly what this situation is is this gentlemen. It is when the Real Estate Licensing Commission was created the duties of the Commission as prescribed by law was that they would be required to meet on a minimum on once every three months. And due to the enormous responsibilities of the Real Estate Commission it requires that we meet at least monthly and in addition to those monthly meetings we have hearings concerning suspension and revocation of licenses.

Now these administrative hearings follow the patter of court procedure. And they are quite detailed and lengthy. And it is almost impossible to schedule hearings at the time that the Commission meets for regular administrative business. So it is necessary to call the Commission in again. So the Commission also meets on an average of 24 times a year or better. And what we want to attempt to do with this bill is to renumerate them for those days that they have to come in addition to monthly meetings for hearings.

Now the bill, there is an error in the drafting of the bill. And I have called this to your attention in this statement that I have on the bill. That following I believe it is on line 30 where it says per day, \$75 per day. There should be words added to the effect when conducting administrative hearings and that would mean that this \$75 per day would only relate to those days where they conduct a formal hearing. And it is not required to have all 5 Commissioners there. It is very difficult to have all 5 there at times and we need a minimum quorum of 3. So there would be a minimum of 3. So there would be no more than 5 Commissioners at one time.

Rep. Vicino: Conceivably you could have 100, 50, there is no amount, limitation-

Mr. Carey: 150 what?

Rep. Vicino: Administrative hearings.

Mr. Carey: No, well last year's experience is that we had 12. And we have had several where we've had on an informal basis. Where we didn't require calling the Commission in.

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Rep. Vicino: How did you arrive at the figure of \$75 as opposed to nothing? There was no fee before.

Mr. Carey: Well it was figured that this was a reasonable fee for somebody that starts out at 9:00 in the morning and goes til 5 or 6 in the evening.

Rep. Wenz: Isn't it true that Real Estate Commission is one of the few state departments that operate on a profit basis?

Mr. Carey: I don't know too much about the other departments. I think that the majority of the departments have a long way to go to catch the Real Estate Commission. We operate on somewhere from 7 to 10 percent of our gross income with some thing like 93% going into the general fund.

Rep. Wenz: Thank you, I thought that was true.

Sen. Dinielli: Mr. Carey, further on this compensation. It says you have included \$75 per day when conducting formal hearings or administrative hearings, and shall be paid actual necessary expenses.

Mr. Carey: That's when attending meetings.

Sen. Dinielli: Should this be then \$75 per day plus expenses for that day?

Mr. Carey: No it should be \$75 period. As the law reads now it provides for expenses in connection with attending meetings out there is no salary. It's mileage. That's exactly what it is.

Sen. Crafts: Hearing no further question, thank you Mr. Carey and we will pleased to accept your written comments. Anyone else to speak on HB-8464?

David Kotkin, attorney, representing the Connecticut Association of Real Estate Boards: As an opening commentary I want to say that the Connecticut Association of Real Estate Boards subscribes heartily in the principles and the regulations and the method of conducting business of the Real Estate Commission.

When the package which you have under consideration today was submitted to us Mr. Carey and members of his staff were very gracious and gave us a good amount of time in reviewing the bills and when he made the statement that we have agreed

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Mr. Carey continued: education system out there. And some of those fees also go to support education. In deference to your proposal-

Rep. Johnson: I would say that a quick reelection would mean to me that this was quite revolutionary. We are dealing with large sums of money. We would have to have some specific figures or any expenditures and operation of your Commission, before we could get into the meat of this thing.

Mr. Carey: Right. I'm going to see if I can come up with an approach as you suggested.

Rep. LaRosa: The thinking behind that Mr. Carey is the fact that it would make your department more cognizant of the fact that you look to maybe enroll brokers into the business and possibly expand the field of the Real Estate Commission so that more fees can come into your commission so that everyone would participate in what would be available. And I think that it would give you a little bit of enthusiasm in the soliciting and your operation. Any other wishing to question?

Mr. Kockin: Bill 8464 has already been commented on. The Commission has asked, the Committee has asked some of the questions. And we have no objection at all with respect to this bill. HB 8465 AN ACT REQUIRING CERTAIN REAL ESTATE LICENSEES TO MAINTAIN SEPARATE ESCROW OR TRUSTEE ACCOUNTS FOR CERTAIN MONEYS HELD BY THEM. This is a bill that has to do with the enforcement procedure of the Real Estate Commission. We are in accord with the general views expressed by the bill. We have a reservation. We've discussed this with Mr. Carey and we think we have a solution. Now primarily this bill is concerned with the Commission being able to enforce its directive with respect to escrow. A very important thing to make sure that the broker takes the money that belongs to somebody else and puts it into an account other than his own. And not comming the funds. Now what the commission has asked to do is ask for carte blanche right to go into any bank where one of these security deposits is on deposit without any further reference to the broker and take a look at the audit and audit the account.

We raise this particular question. Many of our brokers operate in small towns. Maybe two or three brokers with one small bank and we are afraid that the moment the Real Estate Commission walks in the bank and says I want to audit broker x's account that in fourteen seconds everybody in town knows that broker x is being audited. It may be a perfectly innocent thing but his reputation may be damaged.



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**STATE OF CONNECTICUT
CONNECTICUT REAL ESTATE COMMISSION**

F. Lewis Silverman, New London

Chairman

Howard M. Benedict, New Haven

Frank Bern, Bridgeport

James F. Carey

Executive Director

Paul Lewis, Hartford

Gordon L. Walsh, Ridgefield

March 30, 1971

Chairmen of the Insurance and
Real Estate Comsittes
Senator Joseph Dini
Representative James Palmieri
Respective Committee Members

RE: House Bill 8464 - AN ACT CONCERNING THE REMUNERATION OF
THE MEMBERS OF THE REAL ESTATE COMMISSION

Gentlemen:

This Bill is introduced to provide that the members of the Real Estate Commission be paid \$75.00 per day when conducting formal hearings concerning licensees who have allegedly violated the Real Estate Licensing Law or Regulations.

I notice an error in its drafting. Following the word day on line 30, words should be added to the effect "when conducting administrative hearings" and should be followed by "and shall be paid actual and necessary expenses in attending meetings or performing other duties as directed by this Commission.

The law presently provides for no salaries, but does provide for actual and necessary expenses in attending meetings.

The Real Estate Commission is only required by law to meet once every three (3) months. However, it is necessary for the Commission to meet once a month concerning administrative matters and in addition to those meetings, it is necessary to call on the Commission to conduct hearings concerning the suspension or revocation of licenses. It is almost impossible to schedule hearings and the regular monthly business in one meeting due to the time required for the hearing process.

We presently license some 20,000 licensees, and it is necessary occasionally to suspend or revoke a license which means the conducting of a formal hearing at which time the

Chairman Of the Insurance and
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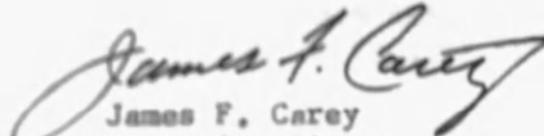
the licensee in question is afforded due process of law. In most cases, licensees are represented by legal counsel and the hearing process pretty much follows the pattern of the civil courts,

It is difficult to schedule hearings in accordance with any set pattern due to various delays, continuances and postponements.

The amendment to the present provision would result in the Commission being paid for that time which is required for conducting a hearing.

I urge your favorable consideration of this Bill.

Respectfully Submitted,


James F. Carey
Executive Director

JPC:mjv

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PART 12
5163-5554**

Monday, June 7, 1971

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MR. MISCIKOSKI (174th):

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Mr. Speaker, I would like to congratulate everyone who has voted for this bill. This is the people's bill. They have been waiting for years and years and years and it reminds me that the vote went just the opposite as it did in 1961. Happy Birthday to you all!

THE SPEAKER:

I think you all know that was a point of personal privilege for the gentleman from the 174th.

MR. AJELLO (118th):

Mr. Speaker, I move suspension of the rules for immediate transmittal of the people's bill to the Senate.

THE SPEAKER:

Is there objection? Hearing none, the rules are suspended and this bill as amended is transmitted to the Senate.

THE SPEAKER:

The gentleman from the 52nd. Would you call these items by--

MR. O'NEILL (52nd):

Mr. Speaker, at this time, I move the adoption of the following Joint Committee favorable reports and passage of the following bills. If there is any objection, I would hope that the members would hold it until the complete list has been read and then we will strike it from this particular list.

If I may, Mr. Speaker, on page 5, Calendar No. 583, H. B. No. 8464, File 520; on page 8, Calendar No. 1165, H. B. No. 6687, File 1290; page 8, Calendar No. 1184, H. B. No. 7960, File 1306; page 10, Calendar No. 1304, H. B. No. 5578, File 1444; page 12, Calendar No. 1339, H. B. No. 7907, File 1446;

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THE CHAIR:

Question is on suspension of the rules, any objection. You may proceed

SENATOR CALDWELL:

I move adoption of the following bills: Senate Bill 383 and 384; House Bill 8464; House Bill 6025; House Bill 6006; House Bill 5052; House Bill 5771; House Bill 5962; Senate Bill 1807; House Bill 9097;

THE CHAIR:

Question is on passage, of those bills that came up from the House, as amended. All those in favor indicate by saying, "aye". Opposed? The ayes have it; the bills are passed.

SENATOR IVES:

Mr. President, I move for suspension of the rules, for immediate consideration of Cal. 1370, Substitute House Bill 6447.

THE CHAIR:

Question is on suspension of the rules. Any objection? No objection you may proceed.

SENATOR IVES:

Mr. President, I move for the acceptance of the joint committee's favorable report and passage of the bill. This is the one year limitation on Welfare.

THE CHAIR:

Question is on passage of the bill. All those in favor indicate by saying, "aye".

SENATOR SMITH:

Mr. President, I rise to oppose this bill. For the record, Mr. President this bill is not a one-year residency requirement. It's not an act concern-