

February 17, 2020

The Honorable Dereck E. Davis
Chairman
Economic Matters Committee
Maryland House of Delegates
House Office Building, Room 231
6 Bladen St
Annapolis, MD 21401

Dear Chairman Davis:

I am writing to inform my local delegation of my strong opposition to House Bill 1006. I would like to present the delegation with the possible ramifications and/or consequences of House Bill 1006 – Real Estate Brokers – Exemption for Auctioneers – Repeal.

This bill will eliminate the ability of a property owner, an attorney in fact or the personal representative of an estate to have options when selling real estate in the State of Maryland. It will force them to use a realtor.

If an auctioneer wishes to continue to sell real estate at auction, the proposed bill will require that auctioneers become realtors and/or brokers should they wish to continue to sell real property in Maryland. To become a licensed broker requires approximately three and one half years of additional education. Imposing this requirement would be an extreme hardship for most auctioneers. During the three year period prior to obtaining a broker's license the auctioneer would have to work as a realtor under the control of the broker. The auctioneer's business clients will no longer be the auctioneer's clients but will become the broker's clients. The commission charged by the brokerage will be determined by the broker in charge, and the auctioneer will have no control over the commission the auctioneer has actually earned with his or her services. The actual commission will be split between the broker and the auctioneer.

There are a number of mandatory membership fees charged by both the National Association of Realtors and the State Association. In addition to the mandatory membership fees, there are state licensing fees for registration every two (2) years as well as the cost of continuing education.

The bill's implementation date, October 1, 2020 is unrealistic and will not allow auctioneers to have the time to obtain a realtor's or broker's license prior to its effective date. Nor does the bill take into account the effect on the state's auctioneers, most of whom run small businesses.

I am proud to say I am a third generation auctioneer, and my family has sold real estate at auction for over one hundred (100) years in Maryland. I have been auctioneer for sixty (60) years and have sold real estate at public auction in this state for that entire period of time. My auction business has been operational since 1972 and has been incorporated since 1980. The business has operated at the same physical location in Caroline County, Maryland for the last forty-eight (48) years. I have conducted thousands of auctions over the years, and I am recognized by the Maryland court system as having the ability and knowledge to conduct both personal property and real estate auctions. I have also conducted both personal property and real estate auctions in Delaware and Virginia. My auction company, like most other auction companies employs a lawyer authorized to practice law in each state. The attorney prepares all the legal documents required for the sales transaction.

Currently a property owner has the ability to sell real property in "AS-IS" condition when using the services of an auctioneer. The majority of the real property sold by most auctioneers is "estate property" - a deceased

individual's personal and real property. In many cases the deceased's estate does not have the funds necessary to make repairs and/or improvements to the estate's property. Often the deceased's family members are unable to front the cost of the necessary repairs or improvements. A realtor is generally not interested in this type of property, and will find this type of property difficult to sell. The property will languish on the market for months.

Time is a factor to be considered. The first account in an estate is due within nine (9) months of death. It is common for estates to be required to settle within a year. If the estate has the ability to make the needed repairs, in most cases the estate will use a realtor to market the property. However estate properties are often distressed properties and require substantial investment to make them attractive to a realtor's client. If the estate cannot make the necessary improvements, the auction method of sale can provide extensive advertising, and take the property to settlement well within the required time frame. An auction also attracts investors and entrepreneurs who can afford to bring that property to a marketable condition or to re-purpose it for a different use.

Another factor you should considered is transparency. There is a reason why bankruptcy sales and foreclosure sales are held at public auction. By definition fair market value is that value obtained at a properly advertised public sale. Anyone can attend and any qualified bidder can buy.

A majority of farmers in my local area hire auctioneers to sell both their farm land and equipment at public sale. The farming community and the auctioneers have strong history of working together.

I am aware of many cases where individuals do not want to work with a realtor due to bad previous experiences or because there is a family member who is a realtor and the family does not want that person to be involved in the sale of the "family legacy". A public sale by auction can satisfy the client without causing additional family strife. Auctions of real property have been taking place for literally hundreds of years in this state. Sale by auction is a far older means of sale than representation by realtor. One doesn't find horror stories of problems with the auction process in the news media because the entire process, start to finish, is conducted in the open and before the public.

The sale of real estate by public auction is a small percentage of the overall real estate sales transacted in Maryland. If you eliminate the auction sale process you will be adding layers of additional carrying costs and a delay in marketing distressed properties.

Delegates, please remember why you were elected to your current positions. You are to represent and serve ALL the citizens of the State of Maryland, not one group that seeks to create a monopoly. This proposed bill discourages competition and limits an individual's choice to obtain services to market real property. The proposed bill will negatively impact many property owners and small auction businesses. Limiting competition is not the "American Way".

Respectfully submitted,



A. Curtis Andrew

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