

I am here before the Maryland General Assembly to testify against HB 1006 – Real Estate Brokers – Exemption for Auctioneers – Repeal and inform the committee of some of the unintended consequences of HB 1006.

This bill will eliminate the ability for a property owner to have options to sell their real estate in the State of Maryland. Discouraging competition and limiting individual's options is counter intuitive to the "American Way" of free markets and competition. Currently property owners have the ability to sell their real estate in an "As Is" condition thru an auction by an auctioneer. This process facilitates the sale of real estate for estates – within the one-year requirement for estate finalization. If this process is required to go thru brokered real estate agents the cost to the estate is increased, the time frame is lengthened and facilitating all interested parties to accepting an offer is required which is often difficult.

The bill will eliminate the ability for unamicable parties to be court ordered to dissolve their joint property thru an auction. The bill appears to shelter the attorney and court ordered agent, but it does not give the option for the attorney or trustee to liquidate the property thru a competitive, transparent, fair and open process of selling at auction. For instance, in a bitter and battled divorce situation, one party retaining interest in the property thru auction is done openly and publicly giving each party the ability to bid and fairly acquire the property. Thru a real estate contract, the parties would not know the offer of the counter party and their would-be obligations to accept offers and burden the other party with inspection and repair costs that would benefit only one party's interest.

Often properties that are auctioned are distressed and not able to be sold thru a realtor without significant financial investment to the property. If the owner was able to invest in the property, then in most cases they do and use a licensed realtor to sell. When a property owner is in financial distress, auctioning helps to sell real estate quickly to investors and entrepreneurs who are able to bring the property to marketable condition and then they sell the property using a realtor. Distressed properties listed for lengthy time on real estate markets have a detrimental affect on neighborhoods and property values.

Foreclosure and bankruptcy auctions are held in public for transparency and to allow all interested parties to protect their secured interests in real estate. Eliminating the auction process will eliminate the transparency of the process and encourage "back room deals" which may not be in the best interest of all parties. Eliminating the auction process adds layers of carrying costs and delays marketability of the real estate. The bill appears to even eliminate the "tax sales" auctions counties and municipalities depend on to collect past due taxes and maintain their local budgets and income.

Furthermore, the auction process of real estate is a small portion of overall real estate sales and transfers in the State of Maryland. The unintended and unacceptable ramifications of House Bill 1006 far out weigh the benefits being lobbied by a rich and powerful lobby. Auctioneers are in the business to auction property from one individual to another, they should not be required to pay dues and be licensed realtors.

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