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When AI Starts to Give Real Estate Advice, Should It Be Licensed?

To better serve my readers and clients, I've spent the past year asking Copilot, my preferred AI tool, hundreds of questions about real estate, from home valuations to mortgage financing to local market trends. Most of the answers have been impressively useful.

That raises an intriguing question: If ***consumers*** begin relying on AI for the same guidance, should AI "agents" be subject to the same licensing requirements?

That question was raised recently in Inman News, and it's one that the real estate industry will eventually have to answer.

Today, AI can already describe neighborhoods, recommend listings prices, analyze market conditions, explain contracts, compare mortgage options and help buyers evaluate listings. The technology improves almost monthly. In the near future, consumers may spend days or weeks interacting with an AI platform before ever speaking with a licensed agent.

Traditionally, the real estate agent has occupied the center of the transaction. Buyers and sellers turned to licensed professionals for advice, market knowledge, negotiation strategies and guidance through a complicated legal process.

Real Estate Today



By Jim Smith Realtor®

But AI introduces a new intermediary. Imagine a buyer who spends weeks working with an AI assistant like Copilot or one that is integrated into a real estate website. The system learns the buyer's budget, preferred neighborhoods, commuting patterns, lifestyle interests, risk tolerance and even political preferences. It recommends homes, evaluates pricing, predicts appreciation and identifies agents to contact.

Who is actually representing the buyer's interests in that situation?

The consumer may assume the AI is acting as a trusted advisor. In reality, the platform could be driven by advertising revenue, lead-generation fees or other commercial incentives.

Licensed real estate professionals operate under legal duties and professional standards. They are subject to disclosure requirements, advertising regulations, fair housing rules, CE requirements and oversight by state regulators. If an AI system performs many of the practical functions traditionally provided by a licensed real estate professional, should it be regulated in a similar manner?

California recently enacted legislation concerning AI-generated content and disclosures and issued guidance regarding the use of AI in real estate marketing. The focus so far, however, has largely been on the human agents and brokerages using the technology rather than consumer use of the platforms.

The issue is not whether AI should be banned or restricted. AI promises enormous benefits for consumers and professionals alike. It can improve efficiency, expand access to information and reduce costs.

If AI platforms are effectively guiding consumers through a real estate transaction, regulators will eventually need to decide where information ends and representation begins.

Use of a Land Lease to Reduce the Purchase Price Is Expanding Under Innovative Program

Most Colorado homebuyers purchase real estate on a **"fee simple"** basis, meaning they own both the house and the land beneath it. That ownership structure is so universal here that many buyers never encounter an alternative.

One exception is Hawaii, where leasehold ownership has long been common. There, a buyer may own the home but lease the land beneath it from a trust, estate, or other landowner. Estately offers that concept as a solution to Colorado's affordability challenge.

Under the **Estately Land Lease** program, the buyer purchases the home while Estately acquires and retains ownership of the land, leasing it back to the homeowner under a 50-year ground lease. For simplicity, the land value is calculated at 40% of the purchase price. The result is a smaller mortgage because the buyer finances only the home, and leases the land under it at lesser cost. Estately says this can reduce initial monthly payments by as much as 20% and increase buying power for purchasers who otherwise might be priced out of a neighborhood.

A particularly interesting feature is that Estately's website (www.estately.com) displays the active MLS listings in REcolorado and other MLS systems. Buyers can search available homes and see, on individual listings, the estimated savings produced by using the land-lease model rather than purchasing the property conventionally.

Look at the listings displayed on this page. Picture the purchase prices for loan purposes reduced by 40%. For example, the Wheat Ridge home listed at $650,000 would have a purchase price of $390,000. As shown on estately.com, you'd pay $1,208/month to lease the land under it, which is $853 less per month less than if that 40% was added to the mortgage, based on current rates. They include mortgage insurance in their estimates, but that expense is eliminated if you put down 20% or more of the purchase price.

Currently, these loans-with-leases are only being written by Guild Mortgage, and closed by Guardian Title. According to Jared Hamilton of Guild Mortgage, the concept has Fannie Mae approval, originally with an income limitation of 120% of AMI (area median income), but now open to any buyer.

The Urban Institute will be releasing a white paper on the program next week. The program was developed over the past three years but was only up and running recently, and Guild has only closed one transaction, so it is very new. (I'm scooping the *Denver Business Journal* on this story. They're waiting for the Urban Institute's white paper.)

The company emphasizes that homeowners retain many of the rights associated with traditional ownership. They may remodel, landscape, build fences, refinance, sell the property, or purchase the land at a later date. Estately's marketing materials note that buyers can acquire the land later at the original land value adjusted for inflation, as measured by the Consumer Price Index (CPI).

The lease fee increases annually based on CPI and never decreases even if inflation turns negative. The lease term is 50 years and contains no renewal provision. At the end of the term, the homeowner must either purchase the land or sell the property.

See my Substack blog for more details.

Here Are Some of Our Current Active Listings

Narrated Video Walk-Throughs of Each Listing Can Be Found at www.GRElistings.com

1694 S. Balsam St., Lakewood - $550,000



PRICE REDUCED! This 5-bedroom brick ranch with finished basement is on the northeast corner of Balsam Street and W. Mexico Ave. in the Clover Lane subdivision. It was built by the builder for his own family in 1962, but the current owner purchased it a few years later and has owned it for 58 years! He has kept it up nicely and made many improvements and repairs including granite countertops, Champion double-pane windows, new sewer line, heated garage, and more!



13527 W. 63rd Way, Arvada - $499,000

PRICE REDUCED! *Seller offers $10,000 for interest rate buydown!* This contemporary 3-bedroom/4-bath townhome features over 2,250 finished square feet, highlighted by an open-concept main level with soaring vaulted ceilings and slab-granite kitchen countertops. All new berber carpeting was just installed on all three levels plus the stairs. A sunny dining area opens to a spacious private patio, perfect for outdoor relaxation. Energy-conscious buyers will appreciate the ChargePoint EV charging station in the two-car garage. The basement contains a third bedroom with a 3/4 bath.

3450 Harlan St, Wheat Ridge - $650,000



PRICE REDUCED! This solid 1941 bungalow on 0.27 acres has hardwood floors in excellent condition, 4 bedrooms, and an updated eat-in kitchen. You'll love the full-width covered patio overlooking the backyard. There is no HOA, so you could pull an RV into the backyard through a double gate on 35th Avenue. You'll be hard pressed to find anything negative about this home that the seller has lovingly maintained for 34 years!



12931 W. 20th Ave, Lakewood - $360,000

PRICE REDUCED! Beautifully maintained Applewood Park townhome with updated systems, a finished basement family room, and two covered parking spaces directly behind the fenced patio. The main floor features a bright south-facing living room, dining area, and kitchen. Upstairs are two bedrooms and a full bath with tub/shower. The furnace, A/C, and water heater were replaced.

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