

House Research Act Summary

CHAPTER: 15 (H.F. 323/S.F. 167)

SESSION: 2011 Regular Session

TOPIC: Real estate broker price opinions

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Analyst: Tom Pender

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Overview

This act involves an opinion of real estate value given by a real estate broker, real estate salesperson, or real estate appraiser, that is not a formal appraisal. It is called a "broker price opinion" or "BPO." This act clarifies the status, nature, and use of BPOs. All sections of this act are effective August 1, 2011.

Section

- 1 Automated valuation method.** Defines this term as a computerized model used by mortgage originators or secondary market issuers to determine the value of a home that is mortgaged or to be mortgaged.
- 2 Broker price opinion (BPO).** Defines this term as an estimate prepared by a real estate broker, real estate salesperson, or real estate appraiser of the probable selling price of a parcel of real estate, which provides "a varying level of detail" about the property and information about comparable sales, but does not include use of an automated valuation model. A BPO is not an appraisal.
- 3 Broker price opinion: requirements; duties of licensee; regulations.**
 - Subd. 1. Requirements.** Permits real estate brokers, salespersons, and appraisers to prepare and provide a broker price opinion, and charge a fee for it.
 - Subd. 2. Duties of licensee.** Specifies for whom a broker price opinion may be prepared.
 - Subd. 3. Written report; requirement.** Requires a broker price opinion to be in writing. Lists the information and analysis it must include, including a disclosure that it is not an appraisal. Permits sending the BPO to any person entitled to receive it.

- 4 **Exclusive agreements.** Permits a real estate broker or salesperson to provide a service to a buyer, seller, lessor, lessee, or party to a property exchange, who has an exclusive agreement with a different broker for a different service in connection with the same property.
- 5 **Market analysis; broker price opinion.** Adds a definition of "broker price opinion" to the chapter of law that regulates real estate appraisers for the purpose of using it in the following section.
- 6 **Broker price opinion.** (a) Says that the chapter of law that regulates appraisers does not apply to a real estate broker or sales person who prepares a BPO. (In other words, it is not an appraisal.) Prohibits using a BPO as the primary basis for determining the value of the property for mortgage loan purposes.

(b) Requires a real estate appraiser who prepares a BPO to disclose that the appraiser is not acting as an appraiser when doing so and that the BPO is not an appraisal and not subject to the Uniform Standards of Professional Appraisal Practice ("USPAP") established by the Appraisal Foundation.