

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 323

DATE: March 25, 2011

Version: First engrossment

Authors: Hoppe and others

Subject: Real estate broker price opinions

Analyst: Tom Pender (651) 296-1885

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill 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 bill clarifies the status, nature, and use of BPOs. All sections of this bill are effective August 1, 2011.

- 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.
- 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 an exchange property who has an exclusive agreement with a different broker for a different service.
- 5 Market analysis; broker price opinion.** Adds a definition of "BPO" 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.