

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 323

DATE: March 15, 2011

Version: As introduced

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Subject: Real estate broker price opinions

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Overview

This bill involves an opinion of real estate value given by a real estate broker or real estate salesperson that is not a formal appraisal. It is called a "broker price opinion" or "BPO." 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 or salesperson 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 and salespersons 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 give a BPO to a buyer or seller who has an (otherwise) exclusive agreement with a different broker.
- 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.** Says that the chapter of law that regulates appraisers does not apply to a real estate broker or agent 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.