



BPOSG Changes from Version 3.1 to Version 4.0

Version 3.1 BPOSG was a compilation of two separate documents; Standards in one document Guidelines in a separate document.

Version 4.0: Standards and Guidelines were consolidated into one document.

Version 3.1 The term broker referred to a broker or a sales agent.

Version 4.0 "Broker/agent" replaced the term "broker".

Limitation

Version 3.1 A BPO must not be completed if there is not enough data and/or comparables to arrive at a price opinion.

Version 4.0 A BPO must only be completed, within the scope of assignment as specified by customer specifications, if there is enough data and/or comparables in the Broker/Agent's professional opinion to produce a credible and supportable price opinion.

Ethics and Conduct

Added to Version 4.0 Paragraph 2.a. Broker/Agent must have a valid licensure and in good standing within the state the BPO is being completed. Broker/Agent must be able to provide valid and acceptable documentation of licensure.

Version 3.1 Paragraph 2.a. Broker must personally visit the site, conduct the inspection, and take the photos for field assignments and personally collect the comparables. Broker must not allow others to access materials such as passwords.

Version 4.0 Paragraph 2.b. Broker/Agent must acknowledge they have personally visited the site, conducted the inspection, taken the photos for field assignments, personally collected the comparables, and submitted the completed BPO form. Broker/Agent agrees to take full responsibility for all information submitted upon completion.

Version 3.1 Paragraph 2.d. Broker has no ownership interest, financial involvement, and/or anticipated interest in the subject property outside their customary professional fee (e.g. commission). Broker is not an advocate of the subject property. Broker must fully disclose and receive further instructions, in order to proceed, prior to accepting a BPO assignment or upon becoming aware of the following situations:

- i) Broker is the listing/seller's broker for the subject property.
- ii) Broker is a buyer or potential buyer's broker for the subject property.
- iii) Broker has completed a BPO assignment on the same subject property within one month.
- iv) Broker has completed, within a month, or is currently working on a BPO on the same subject property for another organization (other than the requesting organization).

Version 4.0 Paragraph 2.e. Broker/Agent must fully disclose and receive further instructions prior to accepting a BPO assignment or upon becoming aware another Broker/Agent with in the same office is the listing/seller's broker for the subject property.

Competency

Version 3.1 Paragraph 3.c. Broker warrants that they have access to MLS coverage for the subject market area where MLS access is available.

Version 4.0 Paragraph 3.c. Broker/Agent warrants they have independent access to data sources to include but not limited to MLS coverage and other pertinent public records data for the subject market area where such access is available.

Photo Requirements

Version 3.1 An identical photo section was included in both Standards and Guidelines documents.

Version 4.0 Both photo standards and guidelines are consolidated in the Guidelines section. The Standards photo section simply refers to the Guidelines section.

Version 3.1 References were made in multiple places to submit one photo.

Version 4.0 Submit the best photo.

Address Verification

Added to Version 4.0 Paragraph 12.a.iv

If the address is not displayed at the property, provide photos and commentary using one of the following recommended methods:

- photos of neighboring property addresses (house to the left, right, and across the road)
- Plat or parcel map
- If a photo or documentation is not available, provide a comment citing the source of verification i.e. neighbors or postal employee etc.

Exterior, Interior, and/or surrounding neighborhood

Version 3.1 Paragraph 5.c:

Standard - Take photos of the following:

- Anything that will influence the price of the property
- Non-conforming features
- Upgrades
- Damage/Deferred maintenance
- Renovations/Construction

Guideline – Submit photo(s) based on the above standard.

Version 4.0 Paragraph 12.c:

Standard – Anything in and around the property, the surrounding neighborhood, and/or the vicinity of the property, that will influence the price of the property, positively or negatively, when possible, must be documented with photos and comments. If the following conditions exist, provide commentary and cross reference photos (see also comments section – the below comments example list is similar to the Comments Section para 14.a. with the exception of items that may not be practical to photograph).

Common examples include but are not limited to:

- Non-conforming features
- Upgrades
- Damage/deferred maintenance

- Renovations/construction
- External obsolescence (e.g. airport flight path, rail road tracks, located in proximity to commercial facilities)
- Aerial photos/satellite images - The use of aerial photos or satellite images can be a good resource to identify external obsolescence and positive influences.

Guideline – If a rear view photo is requested, provide a photo of the rear of the structure. Submit photo(s) based on the above standard.

All Photos

Added to Version 4.0 Paragraph 12.d. Once photos are submitted to the client site, they should be reviewed to ensure correct photos were uploaded prior to final submission. Ensure the date is accurate if dates are published on photos.

Exceptions

Version 3.1 Paragraph 5.e.i. People and/or pets/animals should not be in any photos.

Version 4.0 Paragraph 12.e.i. People and/or pets/animals, live or in photos (e.g. family portraits), should not be in any photos.

Added to Version 4.0 Paragraph 12.e.iii. Any photos containing inappropriate/graphic content should be excluded or edited prior to submission.

Records

Version 3.1 Paragraph 6.a. Retain BPO records for a minimum of 1 year.

Version 4.0 Paragraph 6.a. Retain BPO records for a minimum of 1 year or the amount of time state law requires.

Disclaimer

Added to Version 4.0 Paragraph 7. Broker/Agent must be aware of and comply with state laws governing BPO practices.

Comparable Selection and Utilization

Added introductory bullet points to Version 4.0.

- Ø Define the geographic boundaries of the neighborhood and then provide a compelling justification whenever using market data outside those boundaries. (Customer specifications override the Guidelines set forth in *BPOSG*).
- Ø It is necessary to verify the physical characteristics for the subject and comparables in accordance with local building codes and conventions and disclose the information source. If a conflict exists between information sources, e.g. MLS vs. tax records, provide commentary explaining the conflict and provide a copy of the document (if available).



Urban

Version 3.1 Paragraph 1.a.i. ~~Recommend 0 – 1/4 mile.~~ A comparable beyond 1 mile may be acceptable, but a comment is required as to why the comparable is outside 1 mile and the method/logic on how the comparable was located.

Version 4.0 Paragraph 8.a.i. A comparable beyond 1/2 mile may be acceptable, but a comment is required as to why the comparable is beyond 1/2 mile and the method/logic on how the comparable was located.

Suburban

Version 3.1 Paragraph 1.a.ii. ~~Recommend 0 – 1 mile.~~ A comparable beyond 2 miles may be acceptable, but a comment is required as to why the comparable is outside 2 miles and the method/logic on how the comparable was located.

Version 4.0 Paragraph 8.a.ii. A comparable beyond 1 mile may be acceptable, but a comment is required as to why the comparable is beyond 1 mile and the method/logic on how the comparable was located.

Rural

Version 3.1 Paragraph 1.a.iii. ~~Recommend 0 – 5 miles.~~ A comparable beyond 10 miles may be acceptable, but a comment is required as to why the comparable is outside 10 miles and the method/logic on how the comparable was located.

Version 4.0 Paragraph 8.a.iii. A comparable beyond 5 miles may be acceptable, but a comment is required as to why the comparable is beyond 5 miles and the method/logic on how the comparable was located.

Comparable Selection and Utilization

Version 3.1 Paragraph 1.b vs Version 4.0 Paragraph 8.b

Size. General size change – “Recommend” columns in Version 3.1 were removed leaving only “Comment required” column in Version 4.0. Tolerances were revised.

GLA

Version 3.1

Subject	Comparables	
	Recommend	Comment required if more than:
GLA		
0-1000 Sq Ft	+/- 5 %	+/- 10 %
1001-2000 Sq Ft	+/- 10 %	+/- 15 %
2001-3500 Sq Ft	+/- 15 %	+/- 20 %
3501-5000 Sq Ft	+/- 20 %	+/- 25 %
5001+ Sq Ft	+/- 25 %	+/- 30 %

Version 4.0

Subject	Comparables
	Comment required if more than:
GLA	
0-1000 Sq Ft	+/- 25 %
1001-2000 Sq Ft	+/- 20 %
2001-3500 Sq Ft	+/- 15 %
3501-5000 Sq Ft	+/- 10 %
5001+ Sq Ft	+/- 10 %

Lot Size

Version 3.1

Subject	Comparables
Lot Size	Comment required if more than:
<1 acre	greater than 1 acre
1-2 acres	+/- .5 acre
3-5 acres	+/- 1 acre
6-10 acres	+/- 2 acre
11+ acres	+/- 20%

Version 4.0

Subject	Comparables
Lot Size	Comment required if more than:
<1 acre	+/- 30%
1 - 2.9 acres	+/- .5 acre
3 - 5.9 acres	+/- 1 acre
6 - 10.9 acres	+/- 2 acre
11+ acres	+/- 20%

Age

Version 3.1

Subject Age	Comparables (difference from subject)			
	Recommend Age		Comments Required	
	Minimum	Maximum	Minimum	Maximum
0-10 years	- 5 years	+ 5 years	- 5 years	+ 5 years
11-30 years	1/2 age	+ 10 years	1/2 age	+ 15 years
31-50 years	- 15 years	+ 15 years	1/2 age	+20 years
51-75 years	- 20 years	+20 years	1/2 age	+25 years
76+ years	- 25 years	+25 years	1/2 age	+30 years

Version 4.0

Subject Age	Comparables	
	Comments Required	
	Minimum	Maximum
0-10 years	- 5 years	+ 5 years
11-30 years	1/2 age	+ 10 years
31-50 years	- 15 years	+ 15 years
51-75 years	- 20 years	+20 years
76+ years	- 25 years	+25 years

Added to Version 4.0 Paragraph 8.e. **View:** Use comparables with a similar view to the subject. Provide commentary if the subject has a different view than comparable view, that will influence the price of the property, positively or negatively.

Comparable Selection based on Market Conditions

Normal Market

Version 3.1 Paragraph 2.b.

- i) Arms length transactions are to be used under normal market conditions.
- ii) Sold comparables that are not arm's length transactions should only be used if no other comparables are available.

Version 4.0 Paragraph 9.b.

- i) Sales and listings are characterized by buyers and sellers that are equally motivated and not acting under duress.
- ii) Sold comparables that are not arm's length transactions should only be used if no other comparables are available.

Lack of Comparables

Version 4.0 Paragraph 10 added to bullet list of common criteria:

- General amenities

Comparable Application

Version 3.1 Paragraph 4.b. Sold Comparables must be appreciated or depreciated as of the Date of Contract through the BPO submission date if there has been a change in market conditions/prices. Provide a comment indicating that time adjustments were made.

Version 4.0 Paragraph 11.b. Sold comparables must be adjusted (based on changes in market conditions) as of the Date of Contract, where available, through the BPO submission date if there has been a change in market conditions/prices. Provide a comment indicating that market condition adjustments were made.

Version 3.1 Paragraph 4.c. Adjustments are required if the value of the variance warrants a notation and if the comparable does not have the following:

- Same number of bedrooms
- Same number of bathrooms
- General condition
- Same style of house
- Quality of construction
- Terms of sale/financing

Version 4.0 Paragraph 11.c. Provide an adjustment for each amenity difference that impacts price (BPO form permitting). Comments are required when the BPO form does not permit adjustments. The following list are examples of amenities that should be considered:

- Same number of bedrooms
- Same number of bathrooms
- General condition
- Same style of house
- Quality of construction
- Terms of sale/financing
- View amenity
- Site amenities (pool, outbuildings, etc...)

~~Version 3.1 Paragraph 4.e. Enter comparables from best comparable to least on the BPO form. From left to right, the best comparable is in the first place, the next best is in the second, and the least comparable is in the third position.~~

Version 3.1 Paragraph 4.f. If active listing comparables are requested, three active listings and/or pending comparables are to be used. All Guidelines apply to active listings as well except adjustments are not recommended.

Version 4.0 Paragraph 11.e. If active listing comparables are requested, three active listings (and/or pending when permitted) comparables are to be used. Additionally, an adjustment should be considered for sales to list price ratio.

Version 3.1 Paragraph 4.g. If the subject property is in poor or fair condition, then comparables that are in good condition can be used to determine a repaired price for the subject. Commentary must be provided if this is done.

Version 4.0 Paragraph 11.f. If the subject property is in poor or fair condition, provide at least one comparable that is similar in condition to establish the “as is” price. Comparables that are in average or good condition can be used to determine a repaired price for the subject. Commentary must be provided if this is done.

Version 3.1 BPO Applicability

Paragraph Header changed in Version 4.0 BPO Commentary and Applicability

Version 4.0 Added introductory bullet point:

- Ø The use of local terms and conventions may be confusing to anyone who is not from that area. Use of generally understood terms is recommended or an explanation of the local term is needed. If local conventions, building codes etc. deviate from generally understood conventions, building codes etc., provide commentary explaining the difference.

Version 3.1 Paragraph 7.b. Do not include MLS comments as they are normally subjective and superfluous.

Version 4.0 Paragraph 14.d. Unless specifically asked do not include verbatim MLS comments. Instead, read the comments to understand the general condition of the comparables and adjust for any differences in the comparable grid.

Added to Version 4.0 Paragraph 14.a. Anything in and around the property, the surrounding neighborhood, and/or the vicinity of the property, that will influence the price of the property, positively or negatively, when possible, must be documented with photos and comments. If the following conditions exist, provide commentary and cross reference photos (see also Photo Section para 12.c. – the below comments example list is similar to the photo section with the exception of items that may not be practical to photograph). Common examples include but are not limited to:

- Non-conforming features
- Upgrades
- Damage/deferred maintenance
- Renovations/construction
- Functional obsolescence (e.g. insufficient bath count relevant to bedroom count, poorly located bedrooms)
- External obsolescence (e.g. airport flight path, rail road tracks, located in proximity to commercial facilities)

Added to Version 4.0 Paragraph 14.b. If the subject is currently listed and a listing history is not requested, a comment should be included to identify current and cumulative days on market.

Definitions

Version 3.1 Paragraph 9 Introductory bullet. The following are guidelines. Local building codes and conventions should be observed when determining a price.

Version 4.0 Paragraph 16 Introductory bullet. The following are guidelines. The definitions set forth in BPOSG are definitions that are commonly used and understood. Local building codes and conventions should be observed when determining a price. Local definitions may differ from BPOSG definitions. Local definitions and/or conventions should be explained if utilizing universal definitions and/or conventions is not possible.

Added to Version 4.0 Paragraph 16.a. Arm's Length Transaction. A standard real estate transaction between unrelated or uninvolved parties resulting in a sale at a fair market price. The buyer and seller are typically motivated, act willingly and under no external pressure, with knowledge of the present conditions and future potential of the property, and in which the property has been offered on the open market for a reasonable length of time and no unusual financing or other circumstances exist.

Added to Version 4.0 Paragraph 16.b. Deferred Maintenance. Loss of utility caused by neglected repair or maintenance evidenced by wear and tear. A type of physical depreciation owing to lack of normal upkeep. Example: missing roof shingles, loose railings, chipped paint, holes in carpet etc.

Added to Version 4.0 Paragraph 16.c. External Obsolescence. Loss in value from factors outside the subject property. Also known as Environmental or Economic Obsolescence. Examples: high tension power lines, lack of local jobs, supply exceeding demand, zoning changes, legislation that impair property rights.

Added to Version 4.0 Paragraph 16.d. Fair Market Price. The most probable price, as of the date of inspection or other specifically defined date, in terms equivalent to cash, unaffected by special or creative financing or sales concessions, for which the property should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale with buyer and seller each acting prudently and for self-interest and assuming neither is under undue duress. Also known as Market Price.

Added to Version 4.0 Paragraph 16.f. Functional Obsolescence. Defects in the structure that detract from its value or utility, usually the result of layout, design and/or other features that are less desirable than the same functions in newer property. Example: A six bedroom house with one bathroom.

Added to Version 4.0 Paragraph 16.g. Sales to List Price Ratio. The general sales price divided by the general list price, if the ratio is less than 1, properties are selling

at a discount of their list price, if the ratio is greater than 1, properties are selling at a premium of their list price.

Room Count

Version 3.1 Paragraph 9.b.ii. In general, a room is:

- Kitchen
- Bedroom
- Living room
- Dining room
- Family room
- Office
- Den
- Sun Room that is heated/cooled
- ~~Laundry Room~~
- ~~Utility Room~~

Version 4.0 Paragraph 16.h.ii. In general, a room is:

- Kitchen
- Bedroom
- Living room
- Dining room
- Family room
- Office
- Den
- Sun room that is heated/cooled

Version 3.1 Paragraph 9.b.iii. The following are not considered rooms and should not be included in the room count but can be included in the description of the house:

- Sun room that is not heated/cooled
- Loft
- Closets
- Storage rooms
- Entries
- Foyer
- Hall Ways

Version 4.0 Paragraph 16.h.iii. The following are not considered rooms and should not be included in the room count but can be included in the description of the house:

- Sun room that is not heated/cooled
- Loft
- Closets
- Storage rooms
- Entries
- Foyer
- Hallways
- + Laundry room
- + Utility room



Bathroom

Version 3.1 Paragraph 9.i. A full bathroom includes a toilet, a sink, a bathtub or shower. In most places a combination bath and shower counts as two fixtures. If the bathroom has only three fixtures it is a 3/4 bath. If it has only two fixtures it is a 1/2 bath, and if it has only one it is a 1/4 bath.

Version 4.0 Paragraph 16.j. A full bathroom includes a toilet, a sink, a bathtub or shower. In general, a combination bath and shower counts as two fixtures. If the bathroom has only three fixtures it is a 3/4 bath (in general, 3/4 bath is counted as a full bath – local standards apply). If it has only two fixtures it is a 1/2 bath, and if it has only one it is a 1/4 bath.