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Mississippi Passes Contested Broker Price Opinion Legislation

BY: CARRIE BAY

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The Mississippi Legislature has approved a measure that defines the acceptable uses of broker price opinions (BPOs) to estimate the price of residential real estate property and provides greater clarity to real estate professionals on the preparation and delivery of BPOs in the state.



The Broker Price Opinion Act (HB 990) has been signed into law by Gov. Haley Barbour and becomes effective July 1, 2011.

As the basis for the state's BPO regulations, the **Mississippi Real Estate Commission** officially recognized and adopted the BPO Standards and Guidelines (BPOSG) from the BPO Standards Board and the **National Association of BPO Professionals (NABPOP)**.

These **guidelines provide parameters** for the preparation of broker price opinions throughout the BPO industry and include suggested best practices for selecting and utilizing properties, pricing considerations, and ethical and competency considerations.

"We applaud the state of Mississippi for passing pro-BPO legislation," said Michael Ramer, president of NABPOP and chairman of the BPO Standards Board. "The passage of this act facilitates a better flow of real estate information which will benefit the general public tremendously....[W]e look forward to working with the state of Mississippi and MS Real Estate Commission to ensure a smooth transition of this new law."

The BPO and real estate valuation industry has widely adopted the standards and guidelines of BPOSG, and Ramer says now Mississippi's accreditation "has set a civic and legislative milestone."

Ramer added, "Mississippi is setting a precedence which will most likely be followed by other states in adopting and implementing BPOSG."

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The **new law stipulates** in Section 73-35-4 (3) of the Mississippi Code, "A broker's price opinion prepared under the authority granted in this act shall be in writing and shall conform to the standards and guidelines published by a nationally recognized association of providers of broker price opinions."

It also says the Mississippi Real Estate Commission shall promulgate regulations that are consistent with the standards and guidelines of a nationally recognized BPO association.

In addition, Section 73-35-4 (1) of the Code states, "A person licensed under this chapter may prepare a broker's price opinion and charge and collect a fee for 188 such opinion."

BPO related bills have been met with heavy opposition in previous years of Mississippi legislative sessions. This bill was also heavily contested in the 2011 legislative session.

Assemblyman Mark Formby (R-Pearl River) sponsored the bill and is himself a broker and Realtor.

"...after several years of effort we have finally reached negotiated language which is acceptable to the appraisers and Realtors in the state," Formby said. "It only makes sense to me that Realtors should be allowed to be compensated for work which they can already legally perform."

Formby says when he first introduced the bill, he was "shocked" there was opposition.

"There were those who said, 'we don't mind if you do the work, we just don't think you should be compensated.' Thankfully, we have broken through that barrier," he said.

Ramer says understandably, there are some appraisers and those within their lobbying group that have opposed the use of BPOs because appraisers have perceived BPOs as infringing on their business.

"[B]ut the use of BPOs only help to serve the general public because they serve as another means of information," Ramer said. "BPOs and appraisals use a different methodology....There are situations where an appraisal is the appropriate valuation product and other situations where a BPO is appropriate. There are also situations which may call for a combination of an appraisal and a BPO."

According to Ramer, "More information for a decision is always better."



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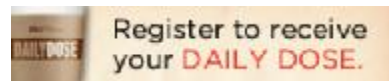
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