



BROKER PRICE OPINION
Standards & Guidelines

Guidelines

Version 3.1
May 20, 2009

BSB – BPO Standards Board





Guidelines

Standards and Guidelines:

- Ø *BPOSG* is a compilation of Standards and Guidelines for the BPO industry. To clearly delineate between Standards and Guidelines, *BPOSG* is divided into two documents. Guidelines are contained in this document and Standards are contained in a separate document.
- Ø Standards are absolute and must be adhered to without exception.
- Ø Guidelines are best practices and must not be confused with Standards. Guidelines are best practices and/or procedures that are widely accepted, yet allow for flexibility in application. The Guidelines contained in *BPOSG* allow for flexibility and exceptions to the Guidelines are entirely acceptable. Commentary is recommended for any situation that falls outside the Guidelines set forth within *BPOSG*.
- Ø **BPO Customer specifications overrides the Guidelines set forth in BPOSG.** Any instance where a BPO customer's specifications conflict with the Guidelines of *BPOSG*, the customer's specifications must be observed and adhered to. To achieve maximum communication efficiency, in the absence of customer specifications, the Guidelines of *BPOSG* is assumed.
- Ø *BPOSG* is derived and maintained by the BSB - BPO Standards Board. The BSB is comprised of a diverse group of BPO subject matter experts representing various levels of the BPO industry supply chain. The BSB is facilitated by the National Association of BPO Professionals - NABPOP. The BSB derives, reviews, updates, and maintains BPO standards that are generally accepted throughout the BPO industry.
- Ø Comments and suggestions for *BPOSG* can be sent to the BPO Standards Board – BSB at BSB@NABPOP.com
- Ø For brevity, the term broker can refer to a licensed real estate broker or a licensed real estate sales agent.

Standards are a must do. Guidelines are a should do.

Table of Contents:

Reference	Topic	Page
1.	Comparable Selection and Utilization	1
1.a	Location	1
1.a.i	Urban	1
1.a.ii	Suburban	1
1.a.iii	Rural	1
1.b	Size	2
1.b.i	GLA	2
1.b.ii	Lot Size	2
1.c	Age	3
1.d	Physical Characteristics	3
2.	Comparable Selection Based on Market Conditions	4
2.a	Distressed Driven Market	4
2.b	Normal Market	4
2.c	Stable Market	5
2.d	Rapid Market	5
3.	Lack of Comparables	5
4.	Comparable Application	6
5.	Photo Requirements and Recommendations	7
6.	Basements and Below Grade Area	9
7.	BPO Applicability	9
8.	Rating House/Neighborhood/Appliances	10
9.	Definitions	11



Guidelines

- Ø **Customer BPO order specifications override the Guidelines set forth in *BPOSG*.** To obtain efficiency of communication between the broker, end customer, and every organization in between, the Guidelines set forth in *BPOSG* can be assumed unless otherwise specified in the BPO order specifications.
- Ø The guidelines contained herein allow for flexibility, and exceptions to the guidelines are entirely acceptable. Provide comments **when a situation falls outside the Guidelines.**

1) Comparable Selection and Utilization

- Ø The following comparable factors should be similar to the subject within the stated limits. Please note that these **are not restrictive limits** i.e. if the comparable is outside the below limits, the comparable may still be valid, a comment is required and an adjustment may be warranted
(Customer specifications override the Guidelines set forth in *BPOSG*).
- a) **Location.** The location of the comparables should be as close to the subject as possible. The following are recommendations and comments are required if beyond these limits
(Customer specifications override the Guidelines set forth in *BPOSG*):
 - i) **Urban:** 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.
 - ii) **Suburban:** 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.
 - iii) **Rural:** 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.



b) Size. The size of the comparables should be as close to the subject as possible. The following are recommendations and comments are required if beyond these limits:

(Customer specifications override the Guidelines set forth in *BPOSG*)

i) GLA – The Gross Living Area of the comparables should be as close to the subject as possible. The following are recommendations and comments are required if beyond the maximum limits (Customer specifications override the Guidelines set forth in *BPOSG*):

Subject	Comparables	
	Recommend	Comment required if more than:
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 %

ii) Lot Size - The Lot Size of the comparables should be as close to the subject as possible. The following are recommendations and comments are required if beyond these limits:

(Customer specifications override the Guidelines set forth in *BPOSG*)

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%

- c) **Age** - The age of the comparables should be as close to the subject as possible. The following are recommendations and comments are required if beyond the maximum limits:

(Customer specifications override the Guidelines set forth in *BPOSG*)

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

d) Physical Characteristics

(Customer specifications override the Guidelines set forth in *BPOSG*)

A comment is required if the comparable is:

- (1) more than +/- 1 bedroom count of subject
- (2) more than +/- 1 bathroom count of subject
- (3) more than +/- 3 overall room count of subject

2) Comparable Selection based on Market Conditions

(Customer specifications override the Guidelines set forth in *BPOSG*)

Ø **Distressed Markets vs. Normal Markets.** Comparables used should reflect the prevailing forces that are driving the same market that the subject is located in (per *BPOSG Standards*). In cases where distressed sales are driving the market, a comment is required that addresses and explains the distressed condition of the market.

a) **Distressed Driven Market.** The term distressed comparable indicates a Short Sale or REO sale. If the subject is distressed, the property is in pre-foreclosure, is a candidate for Short Sale, in foreclosure, or a REO.

i) Commentary must indicate that the market is driven by distressed properties.

ii) If a fair market price evaluation is requested and the subject is located in a distressed driven market, distressed comparables may be used. Comments are required indicating the distressed comparables to include commentary stating the distressed driven market condition. Adjustments are not needed to account for distressed comparables.

iii) If the BPO form does not specify the type of comparable (arms length transaction, REO, short sale etc...), provide a comment that appropriately labels the comparables.

b) Normal Market

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.

(1) Comments are required for each comparable that is not arms length transaction.

(2) Take extra care in evaluating the comparables and value adjustments should be made to account for the fact that the comparable is not an arm's length transaction.

**c) Stable Market**

- i) Sold Comparables no more than 6 months old in a stable market.
- ii) Stable Market = no more than 3% appreciation or depreciation in the last 6 months.
- iii) A Comment is required if comparable over 6 months old.

d) Rapid Market

- i) Sold Comparables no more than 3 months old in a rapidly moving market.
- ii) Rapid Market = more than 3% appreciation or depreciation in the last 6 months.
- iii) Comment always required if a rapid market exists.
- iv) Comment required if comparables are over 3 months old.

3) Lack of Comparables (Customer specifications override the Guidelines set forth in *BPOSG*)

- a) If comparables are not immediately available, expand search criteria one at a time starting with the least impact on value. Please note that value will differ from market to market. The following are common criteria that can be expanded (in no particular order):
 - Concessions
 - Lot Size
 - Age
 - GLA
 - Room Count
 - Date of Sale
 - Radius

4) Comparable Application

- a) At least three sold comparables. Make every attempt to locate sold comparables that are equal to the subject in size, features, location etc... If equal sold comparables are not available, make every effort to bracket the subject by finding a superior, approximately equal, and inferior property.
- 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.
(Customer specifications override the Guidelines set forth in *BPOSG*)
- c) Adjustments are required if the value of the variance warrants a notation and if the comparable **does not** have the following:
(Customer specifications override the Guidelines set forth in *BPOSG*)
- Same number of bedrooms
 - Same number of bathrooms
 - General condition
 - Same style of house
 - Quality of construction
 - Terms of sale/financing
- d) A comment is required if the comparable is not the same as the subject:
- i) General condition
 - ii) Same style of house
 - iii) Quality of construction
 - iv) Terms of sale/financing
- 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.
- 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.
- 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.

5) Photo Requirements and Recommendations

- Ø For purposes of Standards and Guidelines, a distinction is needed between the photos **taken** while at the property and photos that are **submitted** with the BPO. *BPOSG Standards* establish the photos that must be **taken** while at the property. It is better to take an abundance of photos, even if customer specifications do not call for the photos that are detailed in the Standards, rather than returning to the property at a later date. All photos **taken** serve as a record of the property even if not submitted with the BPO report (see also *BPOSG Standards – Records*). *BPOSG Guidelines* establish photos that are recommended to be **submitted**. Although the Guidelines are most commonly accepted practices, photo requirements vary from customer to customer. **Customer specifications override the Photo Guidelines set forth in BPOSG.**
- Ø Due to the similarity in detailing photos to be taken and photos that should be submitted, Photo Standards and Guidelines are combined in the *Photo Requirements and Recommendations* section in order to give an adjacent comparison rather than referring back and forth between Standards and Guidelines. Note: *BPOSG Standards - Photo Requirements and Recommendations* section is identical to this section.

a) Exterior Photos

i. Front View:

Standard – Take at least one front view of the property. Take as many photos as needed to represent the property properly.

Guideline – Submit one photo. Take the photo at a 45 degree angle (as opposed to straight ahead) and attempt to capture one of the corners of the house.

(Customer specifications override the Guidelines set forth in *BPOSG*)

ii. Street View/Street Scene:

Standard – Take at least one street view/street scene. Take as many photos as needed to represent the composition of the neighborhood. If the neighborhood looks the same in all directions, one photo will suffice.

Guideline – Submit one photo.

(Customer specifications override the Guidelines set forth in *BPOSG*)

**iii. Street Sign:**

Standard – Take a close up of the street sign of the subject. Ensure the name of the street is readable in the photo.

Guideline - Submit street sign photo **only** if requested.
(Customer specifications override the Guidelines set forth in *BPOSG*)

iv. Address Verification:

Standard – Take one address verification (a close up photo of the address - if available)

1. on the house, or
2. on the mailbox, or
3. on the sidewalk

Guideline – Submit one photo based on the above standard.
(Customer specifications override the Guidelines set forth in *BPOSG*)

b) Interior Photos (interior inspections only):

Standard - Take photos of ALL rooms. If the angle is difficult to capture or portray the room, take multiple photos of a room. The floor and at least two walls must be visible.

Guideline – Submit photos of the main rooms:

- Kitchen
- Living room
- Main Bathroom
- Master bedroom
- One other bedroom if applicable

(Customer specifications override the Guidelines set forth in *BPOSG*)

c) Exterior, Interior, and/or surrounding neighborhood:

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.
(Customer specifications override the Guidelines set forth in *BPOSG*)

d) All photos:

- Before leaving the property ensure the photos are clear and usable.
- All photos must be labeled.

e) Exceptions:

- i. People and/or pets/animals should not be in any photos.
- ii. Avoid photos that may indicate race, creed, religion, or national origin.



6) Basement and Below-Grade Floor Area

- Ø The following are guidelines. Local building codes and conventions should be observed when determining a price.
- a) If the house has any areas below the natural grade, that area is considered below grade and is not included in GLA. Even if the below-grade areas are fully finished, they are not part of the finished floor area and GLA. This area should still be noted and valued, but not as part of the GLA. If there is no space on the BPO form for below grade area, annotate in the comments section.
 - b) If the subject has a basement and below grade floor area, comparables should be sought that have similar construction i.e. a basement.
 - c) See also *Guidelines Definitions 9.e. Basement and Below-Grade Floor Area*

7) BPO Applicability

- Ø BPO form comments are very important. Comments are the best way to paint a picture for everyone that will see the BPO. Additionally, each link in the chain of people that see the BPO report may question or ask the previous link for clarification(s). The more descriptive the comments are the fewer questions or clarifications that may be needed. Comments should be concise and objective to include local market conditions, trends, and direction of the following:
- County
 - City
 - Zip
 - Subject market
- a) When commenting on the subject neighborhood, subjective terms such as gang activity, high drug use, crack house, etc. should not be used.
 - b) Do not include MLS comments as they are normally subjective and superfluous.
 - c) Final prices should be rounded to the nearest \$1,000. All line item feature/amenity adjustments are rounded to the nearest \$100.

Rating Property/Neighborhood/Ammenities

BSB BPO Standards Board		Rating Property/Neighborhood/Ammenities			
	Excellent	Good	Average	Fair	Poor
House	New property up to 5 years old and is well maintained	Property 5 - 20 years old and is well maintained	Property that is over 20 years old and is well maintained	Property that is over 20 years old and lacks maintenance	Virtually uninhabitable, siding/shingles missing, dilapidated, overgrown landscaping
	Financeable	Financeable	Financeable	Repairs needed	Uninhabitable
	Property 5 - 20 years old with upgrades and is very well maintained	New property up to 5 years and lacks some maintenance	New property up to 20 years and lacks maintenance	New property up to 20 years old and lacks significant maintenance	Condemned, Boarded up
	Any property age that is completely upgraded and is very well maintained	Property that is over 20 years old with some upgrades and is well maintained			Property that is over 20 years old and significantly lacks maintenance
Neighborhood	Predominantly the houses that adhere to the House standard for Excellent	Predominantly the houses that adhere to the House standard for Good	Predominantly the houses that adhere to the House standard for Average	Predominantly the houses that adhere to the House standard for Fair	Predominantly the houses that adhere to the House standard for Poor
	Appliances must be conveyable and not considered personal property to be considered for valuation purposes.				
Appliances	Up to date and is of high quality. Many upgrades. Modern	Up to date and is good quality not high quality.	Adequate functionality	Out of date but functional	Out of date with suspect functionality

9) Definitions

∅ The following are guidelines. Local building codes and conventions should be observed when determining a price.

a) Finished area. An enclosed area in a house suitable for year-round use, heated/cooled in the same manner as the rest of the house, embodying walls, floors, and ceilings that are above grade and similar to the rest of the house.

b) Room Count

i) Consider as separate rooms only those areas above grade that can be used year round that are finished which are effectively divided and have utilities such as electric outlet(s), lighting, and heating/cooling vent(s), with walls, ceiling and floor that conform to rest of the house. In open style houses, if you can add a wall(s) and the separated areas can still maintain their functionality with the above criteria, then they are considered separate rooms.

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

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

c) Bedroom

- i) A bedroom is any room that you can fit a conventional bed into. Usually the local zoning, building or health codes establish minimum requirements for bedrooms. In general, bedrooms should be at least 90 square feet in size, with at least one bedroom in the house 120 square feet in size. Bedrooms should have a window which provides an emergency exit, natural light and ventilation.
- ii) Bedrooms should have direct access to a hallway, living room or other common area. You should not have to walk through one bedroom to get to another. A closet is not required for a bedroom, but lack of a closet indicates functional obsolescence. Some local building codes may require a closet for a room to be considered a bedroom.

d) Bathroom

- 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.

e) Basement and Below-Grade Floor Area

- i. There is a strong distinction between above-grade and below-grade floor area. The above-grade floor area is the sum of all finished square footage which is entirely above ground level. The below-grade floor area includes spaces which are wholly or partly below ground level.
- ii. See also *Guidelines 6) Basement and Below-Grade Floor Area*