



BPOSG Changes from Version 4.0 to Version 5.0

Ethics and Conduct

Version 4.0 Paragraph 2.C

Broker/Agent must remain objective and maintain a fiduciary responsibility to the organization that ordered the BPO and/or the end customer of the BPO.

Changed in Version 5.0 Paragraph 2.C

Broker/Agent must provide analyses and opinions which are objective.
(Fiduciary responsibility could imply advocacy which could compromise objectivity)

Version 4.0 Paragraph 2.E

... another Broker/Agent with in the same office is the listing/seller's broker for the subject property.

Changed in Version 5.0 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 in the same office is the buyer, listing, and/or seller's broker for the subject property.

Version 4.0 Paragraph 2.f

... perform duties in a professional, ethical, and competent manner.

Version 5.0 Paragraph 2.g

Broker/Agent must perform duties in a timely, professional, ethical, and competent manner.

Added to Version 5.0 Paragraph 2.h

Broker/Agent will notify vendor/client of any activities of any related parties which could be identified as collusion or fraudulent.

Applicability

Added to Version 5.0 Paragraph 4.a

Broker/Agent must obtain information relating to property characteristics from the MLS, tax records, or other verifiable source whenever possible. When this is not possible, the broker/agent must contact the organization who ordered the BPO to obtain the information and/or receive further instructions.

Version 4.0 Paragraph 4.c

... rather than arm's length transactions

Version 5.0 Paragraph 4.d

If a distressed price evaluation is specifically requested for the subject, distressed comps should be used when available, rather than fair market transactions to price the subject.

Version 4.0 Paragraph 4.d

All comparable sales dates are as of **Date of Contract** where known – not close of escrow. Market Condition adjustments are made as of the **Date of Contract**

Version 5.0 Paragraph 4.e

All comparable sales dates are as of **Close of Escrow**. Market Condition adjustments are made as of the **Close of Escrow**.

Photo Requirements and Recommendations

The photo section was moved from Guidelines Paragraphs to Standards Paragraphs.

Version 4.0 Paragraph 12.a.ii. Guideline

Submit the best photo

Version 5.0 Paragraph 5.a.ii. Guideline

Submit the best photo(s). When neighborhood composition varies by direction from the subject, 3 street scene photos are preferred (1 in each direction and 1 looking directly across the street from the subject).

Version 4.0 Paragraph 12.a.iv Guideline

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.

Version 5.0 Paragraph 5.a.iv Guideline

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

- Photos of neighboring property addresses (house to the left, right, and across the road) is preferred. When the above is not available:
 - Photo of the subject's street sign. Provide a comment citing the source of verification i.e. neighbors or postal employee etc.
 - Plat or parcel map

Added to Version 5.0 Paragraph 5.b Standard

If repair items have been noted, photos of noted items must be submitted.

Version 4.0 Paragraph 12.d

All photos:

- Before leaving the property ensure the photos are clear and usable.
- All photos must be labeled.
- Ensure the date is accurate if dates are published on photos.
- Once photos are submitted to the client site, they should be reviewed to ensure correct photos were uploaded prior to final submission.

Version 5.0 Paragraph 5.d

All photos:

Standard:

- Ensure photo orientation is properly adjusted prior to upload (do not submit sideways or upside down photos to your report)
- Ensure the date is accurate if dates are published on photos.

- All photos must be labeled when form permits.

Guideline:

- All photos should have a date stamp.
- Before leaving the property ensure the photos are clear and usable.
- Once photos are submitted to the client site, they should be reviewed to ensure correct photos were uploaded prior to final submission. People and/or pets/animals, live or in photos (e.g. family portraits), should not be in any photos.
- Avoid photos which may reflect race, creed, religion, or national origin.
- Photos containing inappropriate/graphic content should be avoided unless they are required as a component of portraying property damage/required repairs.

Version 4.0 Paragraph 12.e Exceptions section was removed

Exceptions are listed as bullet points in Version 5.0 Paragraph 5.d. Guideline.

Records

Version 4.0 Paragraph 6.a.i

MLS# of each comparable (the MLS print out is recommended but not necessary).

Version 5.0 Paragraph 6.a.i

MLS printout for each comparable

Guidelines

Comparable Selection and Utilization

Added to Version 5.0 Paragraph 8.b.

Property Type. Comparables must be the same property type as the subject e.g. do not compare a multi family to a single family detached.

i) Zoning and Use.

- **Comparables.** If the zoning for any comparable is different than the subject, contact the customer for further instructions.
- **Property Use.** If the subject's use is non-conforming e.g. zoned single family use but with a basement apartment or zoned for business but used as a single family, contact the customer for further instructions.

Comparable Selection based on Market Conditions

Version 4.0 Paragraph 9.b. "Fair Market" label renamed to "Normal Market"

Version 4.0 Paragraph 9.b.ii.

Sold comparables that are not arm's length transactions should only be used if no other comparables are available.

Version 5.0 Paragraph 9.b.ii

Sold comparables which are not arm's length transactions should not be used.

Distressed sales should be avoided.

- Comments must be provided if a distressed sale is used.

Added to Version 5.0 Paragraph 9.c

Mixed Markets

- i) Some distressed sales and some fair market exist.
- ii) Distressed sales do not seem to impact the value of fair market sales and vice versa.

Comparable Application

Version 4.0 Paragraph 11.b

Sold comparables must be adjusted...as of Date of Contract...

Version 5.0 Paragraph 11.b

Sold comparables must be adjusted...as of Date of Escrow...

Photo Requirements and Recommendations

The photo section was moved from Guidelines Paragraphs to Standards Paragraphs. All changes noted in Standards Paragraphs

BPO Commentary and Applicability

Added to Version 5.0 Paragraph 14.c.

Any exterior and interior repairs needed should be documented with photos and comments. The cost to cure should be assessed at estimated contractor rates, to bring the property up to a move-in condition, unless customer instructions specify otherwise.

Rating Property/Neighborhood/Amenities

Version 4.0 House Good

Well maintained and no evidence of deferred maintenance

Version 5.0 House Good

Well maintained and few instances of deferred maintenance

Version 4.0 House Fair

Financeable

Version 5.0 House Fair

Typically Financeable

Habitable

Version 4.0 House Poor

Virtually uninhabitable or uninhabitable, siding/shingles missing, dilapidated, overgrown landscaping

Version 5.0 House Poor

- Siding/shingles missing, dilapidated, overgrown landscaping
- Uninhabitable

Definitions

Added to Version 5.0 Paragraph 16.g

Location:

- i) **Urban:** Area within a city (or a city itself) with high population and overall density. Typically, buildings in urban areas are situated close together and

constructed at heights which exceed those in suburban and rural locations. In terms of population, a location identified as “urban” has a total population greater than or equal to 100,000 people and a density greater than or equal to 2,000 people per square mile, or a location which has a population greater than or equal to 200,000 people in total.

- ii) **Suburban:** Area in relative close proximity to an urban center and is comprised largely of residential dwellings. Suburban areas tend to have commercial and business enterprises located within their bounds, however, the density of such improvements is not as great as those in urban areas. Areas identified as “suburban” are generally no further than 30 miles from urban areas. Also, these locations typically have a Census Block Group with a density less than or equal to 500 people per square mile and less than 2,000 people per square mile in total.
- iii) **Rural:** Areas with sparse population counts and are situated well outside the general bounds of urban areas. Rural areas are characterized by large property sites, the presence of some agricultural activity and a lack of municipal amenities found in urban and suburban areas (such as city water and city sewer). In terms of population, rural areas are those which tend to have a density less than 500 people per square mile and may include farmland as well as small towns which are situated well outside the range of metropolitan areas.