

VIRGINIA REAL ESTATE APPRAISER BOARD
BROKER PRICE OPINIONS COMMITTEE MEETING REPORT

DRAFT

The Real Estate Appraiser Board Broker Price Opinions Committee (the Committee) met on Friday, May 22, 2009, at the Department of Professional & Occupational Regulation in Richmond.

Committee Members present: Diane Quigley, Chair
Betsy Critzer
H. Glenn James

Committee Members absent: Richard Pruitt (out of the country)

Staff Members present: Jay DeBoer, Director
Mark Courtney, LRD Deputy Director
Kevin Hoeft, Board Administrator

The meeting was called to order at 11:05 a.m.

The agenda was approved unanimously.

Public Comment

Mack Strickland, Virginia Certified Residential Appraiser and Vice Chairman of the National Association of Realtors (NAR) Appraisal Committee, informed the Committee that the NAR Appraisal Committee met the previous week and determined that BPOs are a nationwide problem and NAR intends to establish a committee to study BPOs. Mr. Strickland believes Virginia's BPO law is vague and needs to be strengthened.

Jayne Allen, Virginia Certified Residential Appraiser, distributed an e-mail to the Committee from BPO-NOW promoting BPOs "as an alternative to a full property appraisal most commonly used when loans go into default or when the terms of a loan have been modified."

Pat Turner, Certified Residential Appraiser, read from a copy of a letter from Wachovia to a homeowner wherein the lender called a BPO an "appraisal." Mr. Turner expressed concern that many real estate salespersons may be conducting BPOs without the knowledge and approval of their broker. He read from a February 24, 2009, letter from the Association of Appraisal Regulatory Officials (AARO) to the U.S. Treasury Secretary indicating AARO's concern with BPOs being

used to establish real property collateral values for mortgage modifications. Mr. Turner recommended: 1) the Real Estate Appraiser Board seek to establish a joint working group with the Virginia Real Estate Board to address BPOs; and 2) the Appraiser Board's Regulatory Review Committee also address BPOs.

Mr. DeBoer indicated such a working group can be established between the two Boards and recommended Appraiser Board Chair Diane Quigley write a letter to Real Estate Board Chair Carol Clarke seeking the establishment of a working group to discuss BPOs.

Lawrence E. Marshall, Special Counsel for the Virginia Association of Realtors, said real estate licensees are receptive to addressing the BPO issue. He mentioned that licensees' listings almost never include a paid-for BPO. He stated that BPOs conducted for compensation by salespersons must be done with the knowledge and approval of their broker and be done through the real estate firm. He recommended the Committee focus on establishing sound standards for real estate licensees' who conduct BPOs rather than attempting to prohibit real estate licensees from performing BPOs.

Mr. Turner brought U.S. House Resolution 1728 (the Mortgage Reform and Anti Predatory Lending Act) to the Committee's attention. H.R. 1728 has certain provisions addressing the use of BPOs. Mr. Turner also mentioned there are approximately 23 states that have some type of BPO prohibition.

Mr. James announced that the Virginia Association of Realtors (VAR) Appraisal Coalition will meet on June 2 at 2:00 pm, and one of the items on the meetings agenda under "Legislative Issues" is "BPO Language."

Committee Discussion

After discussion, the Committee approved the following two actions:

- 1) The Real Estate Appraiser Board should seek to establish a joint working group with the Virginia Real Estate Board to address BPOs. Appraiser Board Chair Diane Quigley will write a letter to Real Estate Board Chair Carol Clarke seeking the establishment of this working group. The Real Estate Board next meets on July 9, 2009;
- 2) Direct Board staff to summarize the BPO prohibitions in other states.

There being no further business, the meeting adjourned at 12:45 p.m.