

## In down market, realty agents turn to BPOs, REOs

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Business has picked up for real-estate agents. Unfortunately, it's not from selling more homes.

More real-estate agents have started producing "broker price opinions," or BPOs, for lenders. It's a business that has always been around but wasn't in high demand until foreclosures shot up in metropolitan Phoenix.

Similar to an appraisal, a BPO is a confidential market report that includes photos and comparable sales to value a house. BPOs also often give lenders an opinion on the probability of selling a home under current market conditions.

Lenders are ordering lots of BPOs, as many as a dozen on a single home in a six-month period. But lenders are paying only \$40 to \$60 apiece for these reports. There's a big difference between a 3 percent sales commission on a \$300,000 home sale and \$50 for three hours of work.

Appraisers aren't thrilled about the pay because they typically make \$300 to \$500 an appraisal. But it's tough times in the real-estate market.

Realtors such as Brett Barry of Realty Executives are doing BPOs now because they provide at least some income and open the door to marketing REO properties. That's another term the real-estate market uses often during a downturn. REOs, or real-estate owned, are properties taken back by the bank through foreclosure.

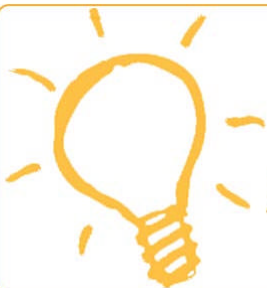
"Banks are ordering BPOs in the Valley like popcorn," said Barry, who specializes in north Phoenix real estate but has been driving as far as Queen Creek to do these miniappraisals. "We aren't getting rich off BPOs, but they are helping some of us maintain an income and put our foot in the door with lenders."

The few Valley real-estate agents specializing in REOs have quietly made a good income during the past decade. But now those agents are swamped because Valley foreclosures have climbed 400 percent in the past year. More than 95 percent of the homes foreclosed on in metro Phoenix during the past six months have gone back to the lender.

Barry says his real-estate team has done at least 40 BPOs in the past few weeks. Sometimes, he will get e-mails late at night from lenders offering a \$10 bonus to get one of the market reports within 24 hours.

BPOs are another market indicator for Valley

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real-estate conditions. Barry said lately lenders appear to be ordering more of the market reports a month or two before a foreclosure auction on a home is scheduled.

That could signal lenders are trying to avoid some foreclosures by doing more short sales or working out deals with borrowers.

Foreclosures, REOs and BPOs are going to be common terms and practices in the Valley's real-estate market until conditions change.

Until then, Barry and many other agents will have to continue to check these boxes on the property and market reports they produce for lenders: depressed, declining, decreased.

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