Attachment A

Colorado
Department of Personnel
& Administration

HB13-1235

Concerning Requirements Related to the Valuation of Real Property Prior to a State Agency Entering Into Contracts Related to Such Real Property.
*(Szabo, Fischer, Vigil/**Baumgardner**, Giron, Schwartz)*

Bill Summary

The bill, sponsored by the Capitol Development Committee, **aligns requirements for the State with private-sector practices** when entering into a contract to purchases real property or an option to purchase real property.

The bill **eliminates an unnecessary, costly requirement** that the State obtain an appraisal prior to entering into an *option to purchase real property* and allows the state to instead obtain a *broker opinion of value*. A broker opinion of value is less costly than an appraisal, but still allows the State to determine the value of real property being considered. If the State chooses to purchase the property, an appraisal will still be required prior to closing on the property.

The bill **provides flexibility** to the State by still requiring an appraisal for *purchases of real property*, but allowing the appraisal to be obtained any time prior to closing.

Bill Provisions

When a State department, institution, or agency enters into a contract to purchase real property or an option to purchase real property with a purchase price of more than one hundred thousand dollars:

- Contracts to purchase real property must contain a contingency clause requiring an appraisal to be obtained prior to closing on a purchase of real property.
- A broker opinion of value must be obtained prior to entering into an option to purchase real property, and an appraisal must be obtained prior to purchasing the property. A State department, institution, or agency may choose to obtain an appraisal prior to entering into an option to purchase real property.

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