

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2492

03/08/2016 Authored by Atkins

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to real estate appraisers; regulating fees paid to appraisers by appraisal
1.3 management companies; proposing coding for new law in Minnesota Statutes,
1.4 chapter 82C.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[82C.17] REASONABLE AND CUSTOMARY FEES.**

1.7 Subdivision 1. Fees. An appraisal management company shall compensate
1.8 appraisers with fees that are reasonable and customary for appraisal services performed in
1.9 the market area of the property being appraised.

1.10 Subd. 2. Evidence. (a) An appraisal management company can evidence that the
1.11 fees paid to an appraiser were reasonable and customary through:

1.12 (1) objective third-party information, including but not limited to government
1.13 agency fee schedules or academic studies. Any academic studies used must exclude
1.14 appraisal assignments ordered by an appraisal management company. The commissioner
1.15 may establish a fee schedule for use by an appraisal management company; or

1.16 (2) reviewing each of the following factors and making adjustments to recent fees
1.17 paid for appraisal services performed in the market area:

1.18 (i) the type of property appraised;

1.19 (ii) the scope of the appraisal work;

1.20 (iii) the time in which the appraisal service must be performed;

1.21 (iv) appraiser qualifications;

1.22 (v) appraiser experience and professional record; and

1.23 (vi) appraiser work quality.

2.1 (b) The fees paid for a complex appraisal assignment shall reflect the increased
2.2 time, difficulty, and scope of work required.

2.3 (c) An appraisal management company shall maintain written documentation
2.4 describing and substantiating all methods and information used to determine the customary
2.5 and reasonable fees required by this section.

2.6 Subd. 3. **Reporting.** (a) An appraisal management company shall separately state to
2.7 the client the following:

2.8 (1) the fees paid to an appraiser for appraisal services; and

2.9 (2) the fees charged by the appraisal management company for services associated
2.10 with the management of the appraisal process, including procurement of the appraiser's
2.11 services.

2.12 (b) An appraisal management company shall not prohibit any appraiser who is part
2.13 of an appraiser panel from recording the fee that the appraiser was paid by the appraisal
2.14 management company for appraisal within the appraisal report that is submitted by the
2.15 appraiser to the appraisal management company.

2.16 (c) An appraisal management company shall not include any fees for appraisal
2.17 management services performed by the company in the amount the company reports as
2.18 charges for the appraisal by the appraiser.

2.19 Subd. 4. **Timely payment.** Except in the case of breach of contract or substandard
2.20 appraisal, an appraisal management company shall pay an independent contractor
2.21 appraiser for the completion of an appraisal or appraisal review:

2.22 (1) within 30 days of the appraiser providing the appraisal report to the appraisal
2.23 management company; or

2.24 (2) in accordance with a payment schedule agreed to in writing by the appraiser
2.25 and the appraisal management company.

2.26 **EFFECTIVE DATE.** This section is effective August 1, 2016, and applies to
2.27 appraisal assignments commenced on or after that date.