

HOUSE RESEARCH

Bill Summary

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Subject: Appraisal management companies, appraiser fees, and appraiser investigation costs

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Overview

This bill revises the scope of the regulation of appraisal management companies (“AMCs”), as well as the calculation, information, and time of payment from AMCs to appraisers. This bill also makes changes to the payment of investigation costs.

Section

- 1** **General powers.** Provides that the commissioner of commerce cannot charge the cost of an investigation to a natural person or entity that is an insurance producer, real estate broker, real estate salesperson, or real estate appraiser, if the investigation does not find a violation.
This section is effective the day following enactment.
- 2** **Appraisal assignment.** The definition of “appraisal assignment.”
- 3** **Appraisal management company.** Revises the definition of “appraisal management company” to include companies that administer a network of 15 or more Minnesota appraisers, or 25 or more appraisers in two or more states. Clarifies that an AMC does not include departments or divisions of an entity that provide appraisal management services only to that entity.
- 4** **Appraisal subcommittee.** Provides definition.
- 5** **Federally regulated appraisal management company.** Provides definition.
- 6** **National registry.** Provides definition.
- 7** **Appraiser panel; annual size calculation.** Provides the process for determining the number of appraisers an AMC has in its network.

Section

8 Reasonable and customary fees.

Subd. 1. Fees. Requires AMCs to pay appraisers an amount that is reasonable and customary.

Subd. 2. Evidence. Requires AMCs to retain written evidence that they have paid the appraiser a reasonable and customary amount either through: (1) objective third party information; or (2) reviewing certain factors.

Subd. 3. Reporting. Requires AMCs to report certain information to clients and allow reporting of certain information relating to appraiser fees.

Subd. 4. Timely payment. Requires AMCs to pay independent contractor appraisers on a certain schedule, with exceptions.

9 Effective date. Sections 2 to 8 are effective August 1, 2016.