

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 2991  
**Version:** As introduced

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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 and appraisal management services to align with the scope of FDIC regulations. The federal regulations referenced are attached to this summary. Additionally, this bill regulates the calculation, information, and time of payment from appraisal management companies to appraisers.

#### Section

- 1 General powers.** Provides that the commissioner of commerce cannot charge the costs of an investigation to a natural person licensed as a real estate appraiser under chapter 82B, if the investigation does not find a violation. This section is effective the day following enactment.
- 2 Appraisal management company.** Defines appraisal management company as having the meaning given in the FDIC regulations.
- 3 Appraisal management services.** Defines appraisal management services as having the meaning given in the FDIC regulations.
- 4 Reasonable and customary fees.**

**Subd. 1. Fees.** Requires appraisal management companies (“AMCs”) to pay appraisers an amount that is reasonable and customary.

## **Section**

**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 to clients and allow reporting of certain information relating to appraiser fees.

**Subd. 4 Timely payment.** Requires AMCs to pay independent contractor appraisers according to certain terms, with exceptions.

**Subd. 5. Effective date.** Sections 2 to 4 are effective August 1, 2016, and apply to appraisal assignments commenced on or after that date.

### **Code of Federal Regulations, title 12, section 323.9**

(c)(1) Appraisal management company (AMC) means a person that:

(i) Provides appraisal management services to creditors or to secondary mortgage market participants, including affiliates;

(ii) Provides such services in connection with valuing a consumer's principal dwelling as security for a consumer credit transaction or incorporating such transactions into securitizations; and

(iii) Within a given 12-month period, as defined in § 323.10(d), oversees an appraiser panel of more than 15 State-certified or State-licensed appraisers in a State or 25 or more State-certified or State-licensed appraisers in two or more States, as described in § 323.12;

(2) An AMC does not include a department or division of an entity that provides appraisal management services only to that entity.

(d) Appraisal management services means one or more of the following:

(1) Recruiting, selecting, and retaining appraisers;

(2) Contracting with State-certified or State-licensed appraisers to perform appraisal assignments;

(3) Managing the process of having an appraisal performed, including providing administrative services such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and secondary market participants, collecting fees from creditors and secondary market participants for services provided, and paying appraisers for services performed; and

(4) Reviewing and verifying the work of appraisers.