



Secretary Carol Aichele

# PENNSYLVANIA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS



## AMCs and Fee Disclosure

*By Daniel A. Bradley, Board Chairman*

It has come to the attention of the Pennsylvania State Board of Certified Real Estate Appraisers that some appraisal management companies (AMCs) are instructing Pennsylvania appraisers that Pennsylvania law **requires** appraisers to include in a statement of the amount of the fee paid to the appraiser in each appraisal report. **This is not true.**

The Appraisal Management Company Registration Act (formerly known as House Bill 398) was signed into law by Governor Corbett in February 2012. Since that time, the Board has been working on the regulations needed to implement this new law. As of this writing, these regulations have been drafted but not yet been finalized. The Board is hoping to have them in place before the end of 2012.

In or around August of 2012, some AMCs began sending out notices to their contract appraisers indicating that Pennsylvania's new AMC law was now in effect. **This is not correct.** AMCs are not required to register with the Board at this time; the registration process will commence after the new regulations are finalized.

Also, several AMCs have been instructing their appraisers that the new law requires them to include a statement in their appraisal reports indicating the amount of the fee paid to the appraiser. As above, **this is not correct.** **The AMC Registration Act does not require an appraiser to record the amount of the appraisal fee in an appraisal report.** This appears to be a misinterpretation of the provisions of the law.

There are two important provisions in the law regarding fees:

1. Section 7(E) requires an AMC to disclose to the lender the fee paid for an appraisal separately from any fees or charges for appraisal management services. **This does not mean that an appraiser is required by law to include the fee amount in the appraisal report.** The AMC, not the appraiser, is responsible for making this disclosure to the lender.

2. Section 8 (B)(9) states that an AMC may not prohibit an appraiser from recording the fee the appraiser was paid for the performance of the appraisal in the appraisal report. **This does not mean that the appraiser must record the fee in the appraisal report.** It merely means that if the appraiser chooses to record the fee paid in the appraisal report, the AMC may not prohibit the appraiser from doing so.

As a matter of business practice, an AMC may require its appraisers to disclose the amount of the appraisal fee in the appraisal report. That is a business decision that can be made by an AMC, and an appraiser may accept such an assignment condition imposed by an AMC. However, to reiterate, **there is no requirement in Pennsylvania state laws or regulations that would mandate that an appraiser must record the amount of the appraisal fee in the appraisal report.**