

## SECTION .0500 – CUSTOMARY AND REASONABLE FEES

### 21 NCAC 57D .0501 GENERAL PROVISIONS

- (a) For appraisal assignments of property in North Carolina, an appraisal management company shall compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised as prescribed by G.S. 93E-2-4(i).
- (b) For the purposes of this Section, market area shall be identified by county or by metropolitan statistical area (MSA), as defined by the North Carolina Office of State Budget and Management at [https://ncosbm.s3.amazonaws.com/s3fs-public/demog/cbsa\\_list.html](https://ncosbm.s3.amazonaws.com/s3fs-public/demog/cbsa_list.html).
- (c) Appraisals subject to the provisions of G.S. 93E-2-4(i) shall state the fee the appraiser was paid by the company for the appraisal.

### 21 NCAC 57D .0502 ESTABLISHING CUSTOMARY AND REASONABLE FEES USING AMC INFORMATION

- (a) An AMC may determine customary and reasonable fees that are reasonably related to recent rates paid for comparable appraisal services performed in the market of the property being appraised. In so doing, an AMC shall review the factors listed below.
- (1) The type of property,
  - (2) The scope of work,
  - (3) The time in which the appraisal services are required to be performed,
  - (4) Fee appraiser qualifications,
  - (5) Fee appraiser experience and professional record, and
  - (6) Fee appraiser work quality.
- (b) An AMC shall make any adjustments to recent rates paid in the relevant market necessary to ensure that the amount of compensation is customary and reasonable for that area.
- (c) When determining customary and reasonable fees in this manner, an AMC shall not use compensation paid to fee appraisers for appraisals ordered by appraisal management companies.
- (d) An AMC shall retain all records and documents supporting their determination of customary and reasonable fees in a market area and shall produce such records at the request of the Appraisal Board pursuant to 21 NCAC 57 D .0308. Such data shall be retained for a period of at least five years after the appraisal assignment was completed.

### 21 NCAC 57D .0503 ESTABLISHING CUSTOMARY AND REASONABLE FEES USING THIRD PARTY INFORMATION

- (a) Evidence for such fees may be established by objective third-party information such as government agency fee schedules, academic studies, and independent private sector surveys. Fee studies shall exclude assignments ordered by appraisal management companies.
- (b) Use of either of the following shall result in a presumption of compliance with .0501 of this Section.
- (1) An independent private sector fee study provided by the Appraisal Board, if one is performed; or
  - (2) The fees noted on the Appraisal and Inspection Fees Schedule for North Carolina appraisals published by the Department of Veterans Affairs, Atlanta Regional Loan Center (VA fee schedule) for the State of North Carolina.

(c) The customary and reasonable fee for a complex assignment may reflect the increased time, difficulty and scope of work required for such an appraisal, and may include an amount over and above the customary and reasonable fee for non-complex assignments.

**21 NCAC 57D .0504 FEE STUDY**

(a) The Appraisal Board may contract with an independent research firm, college, or university to conduct a study of fees paid to appraisers for appraisals of one to four family residential dwellings.

(b) Once performed, this study shall be updated at least every five years.

**21 NCAC 57D .0505 APPRAISER FEE AGREEMENTS**

(a) An appraiser may provide an AMC with a schedule of fees for which the appraiser is willing to work. If the AMC pays a fee in accordance with this schedule, it shall be presumed that such fee is customary and reasonable.

(b) If an AMC offers a fee schedule or offers a fee for a specific assignment, the AMC shall not offer or state a fee that is less than a customary and reasonable rate.

**21 NCAC 57D .0506 ENGAGEMENT ORDERS**

(a) An AMC shall not request or require an appraiser to sign any document or otherwise affirm that the fee paid to the appraiser is customary and reasonable for the market area of the property being appraised.

(b) An AMC shall not offer to pay an appraiser a fee that is less than a customary and reasonable rate unless the fee is based on a volume discount.

(c) For the purposes of this rule, a volume discount is defined as a decrease in the fee paid for an individual appraisal when an AMC orders four or more appraisals from that appraiser during one calendar month or orders more than one appraisal in one assignment.

**21 NCAC 57D .0507 COMPLAINTS**

(a) A complaint against an AMC for violation of this Section shall be related to a specific appraisal order or assignment, or to a fee offered in a contract.

(b) The complaint shall state the amount of the fee paid to the appraiser, and shall state why the complainant believes the fee to be in violation of G.S. 93E-2-4(i).