

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 2068**

(SENATE AUTHORS: WEBER)

DATE  
03/07/2019

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OFFICIAL STATUS  
Introduction and first reading  
Referred to Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act

1.2 relating to commerce; modifying the regulation of real estate appraisers; amending

1.3 Minnesota Statutes 2018, sections 82B.021, subdivisions 14, 15, by adding a

1.4 subdivision; 82B.035, by adding a subdivision; 82B.07; 82B.071, subdivision 1;

1.5 82B.072; 82B.073, by adding a subdivision; 82B.08, subdivision 8; 82B.09,

1.6 subdivision 3; 82B.094; 82B.095, by adding subdivisions; 82B.105; 82B.11,

1.7 subdivision 6, by adding a subdivision; 82B.19, subdivisions 1, 2, by adding a

1.8 subdivision; 82B.20, subdivisions 1, 2; 82B.21; 82B.22; repealing Minnesota

1.9 Statutes 2018, sections 82B.021, subdivision 17; 82B.071, subdivision 2; 82B.095,

1.10 subdivision 2; 82B.10, subdivisions 1, 2, 3, 4, 5, 6, 8, 9; 82B.11, subdivision 2;

1.11 82B.12; 82B.13, subdivisions 1, 1a, 3, 4, 5, 6, 7, 8; 82B.14; 82B.195, subdivisions

1.12 2, 3.

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

1.14 Section 1. Minnesota Statutes 2018, section 82B.021, is amended by adding a subdivision

1.15 to read:

1.16 Subd. 7a. **Appraisal review.** "Appraisal review" means the act or process of developing

1.17 an opinion about the quality of another appraiser's work that was performed as part of an

1.18 appraisal assignment. Appraisal review does not include an examination of an appraisal for

1.19 grammatical, typographical, mathematical, or other similar administrative errors that do not

1.20 involve the appraiser's professional judgment, including compliance with the elements of

1.21 the client's statement of work.

1.22 Sec. 2. Minnesota Statutes 2018, section 82B.021, subdivision 14, is amended to read:

1.23 Subd. 14. ~~Federal Appraisal Subcommittee.~~ "Federal Appraisal Subcommittee" means

1.24 the appraisal subcommittee of the Federal Financial Institutions Examinations Council under

1.25 United States Code, title 12, section 3301 et seq.

Sec. 3. Minnesota Statutes 2018, section 82B.021, subdivision 15, is amended to read:

Subd. 15. **Federal financial institutions regulatory agency.** "Federal financial institutions regulatory agency" means the Board of Governors of the Federal Reserve System, the Bureau of Consumer Protection, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, ~~the Office of Thrift Supervision~~, or the National Credit Union Administration.

Sec. 4. Minnesota Statutes 2018, section 82B.035, is amended by adding a subdivision to read:

Subd. 5. **Appraisal review.** This chapter does not prohibit a person who is licensed as a real estate appraiser in another jurisdiction from performing an appraisal review of an appraisal of real estate or real property in Minnesota, if the appraiser does not offer an opinion of value as part of the appraisal review and no part of the appraisal review is performed by the appraiser within the boundaries of Minnesota.

Sec. 5. Minnesota Statutes 2018, section 82B.07, is amended to read:

**82B.07 POWERS OF THE COMMISSIONER.**

The commissioner shall:

- (1) receive applications for licenses;
- (2) establish the procedures for processing applications for licensing;
- (3) issue a license for appraisers;
- (4) maintain a registry of the names and addresses of people licensed under this chapter;
- (5) keep records and all application materials submitted to the commissioner;
- (6) conduct investigations in accordance with section 45.027;
- (7) deny, revoke, and suspend licenses in accordance with section 45.027; and
- (8) take other actions necessary to carry out the purposes of this chapter.

Sec. 6. Minnesota Statutes 2018, section 82B.071, subdivision 1, is amended to read:

Subdivision 1. **Examination of records.** The commissioner may make examinations within or without this state of each real estate appraiser's records at such reasonable time and in such scope as is necessary to enforce the provisions of this chapter and in accordance with section 45.027.

Sec. 7. Minnesota Statutes 2018, section 82B.072, is amended to read:

**82B.072 FORMAL COMPLAINTS.**

For the purposes of this chapter, an ~~inquiry alleging~~ allegation of noncompliance with this chapter that does not result in a disciplinary action, including any informal disposition of a case or an action pursuant to this chapter or section 45.027, does not constitute a formal complaint under this chapter or section 45.027.

Sec. 8. Minnesota Statutes 2018, section 82B.073, is amended by adding a subdivision to read:

Subd. 2a. **Compensation.** Members of the board must be compensated in accordance with section 15.059.

Sec. 9. Minnesota Statutes 2018, section 82B.08, subdivision 8, is amended to read:

Subd. 8. **Cancellation of license.** A real estate appraiser's license ~~must~~ may be canceled by the commissioner for failure of a licensee to complete continuing education requirements. In this case, the license must be returned to the commissioner within ten days of receipt of notice of cancellation.

Sec. 10. Minnesota Statutes 2018, section 82B.09, subdivision 3, is amended to read:

Subd. 3. **Fees to Federal Appraisal Subcommittee.** In addition to the fees required for licensure under this section, the commissioner must collect and remit such other fees as are required by the ~~Federal~~ Appraisal Subcommittee.

Sec. 11. Minnesota Statutes 2018, section 82B.094, is amended to read:

**82B.094 SUPERVISION OF TRAINEE REAL PROPERTY APPRAISERS.**

(a) A certified residential real property appraiser or a certified general real property appraiser, in good standing, may engage a trainee real property appraiser to assist in the performance of real estate appraisals, provided that the certified residential real property appraiser or a certified general real property appraiser:

(1) has been licensed in good standing as either a certified residential real property appraiser or a certified general real property appraiser for the three-year period immediately preceding the individual's application to become a supervisor;

(2) has completed a six-hour course, approved in advance by the commissioner and provided by an education provider approved by the commissioner, that is specifically oriented

to the requirements and responsibilities of supervisory appraisers and trainee appraisers. A course approved by the commissioner for the purposes of this section must be given the course title "Minnesota Supervisor/Trainee Appraiser Course";

(3) has not been the subject of any license or certificate suspension or revocation or has not been prohibited from supervising activities in this state or any other state within the three years immediately preceding the individual's application to become a supervisor;

(4) has no more than three trainee real property appraisers working under supervision at any one time;

~~(5) actively and personally supervises the trainee real property appraiser, which includes ensuring that research of general and specific data has been adequately conducted and properly reported, application of appraisal principles and methodologies has been properly applied, that the analysis is sound and adequately reported, and that any analyses, opinions, or conclusions are adequately developed and reported so that the appraisal report is not misleading;~~

~~(6) discusses with the trainee real property appraiser any necessary and appropriate changes that are made to a report, involving any trainee appraiser, before it is transmitted to the client. Changes not discussed with the trainee real property appraiser that are made by the supervising appraiser must be provided in writing to the trainee real property appraiser upon completion of the appraisal report;~~

~~(7)~~ (6) accompanies the trainee real property appraiser on the inspections of the subject properties and drive-by inspections of the comparable sales on all appraisal assignments for which the trainee will perform work until the trainee appraiser is determined to be competent, in accordance with the competency rule of USPAP for the property type;

~~(8)~~ (7) accepts full responsibility for the appraisal report by signing and certifying that the report complies with USPAP; and

~~(9)~~ (8) reviews and signs the trainee real property appraiser's appraisal report or reports or if the trainee appraiser is not signing the report, states in the appraisal the name of the trainee and scope of the trainee's significant contribution to the report.

(b) The supervising appraiser must review and sign the applicable experience log required to be kept by the trainee real property appraiser.

(c) The supervising appraiser must notify the commissioner within ten days when the supervision of a trainee real property appraiser has terminated or when the trainee appraiser is no longer under the supervision of the supervising appraiser.

(d) The supervising appraiser must maintain a separate work file for each appraisal assignment.

(e) The supervising appraiser must verify that any trainee real property appraiser that is subject to supervision is properly licensed and in good standing with the commissioner.

Sec. 12. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision to read:

Subd. 3. **Conformance to Appraisal Qualifications Board criteria.** (a) The requirements to obtain a trainee real property appraiser, licensed real property appraiser, certified residential real property appraiser, or certified general real property appraiser license are the education, examination, and experience requirements established by the Appraiser Qualifications Board of the Appraisal Foundation and published in the most recent version of the Real Property Appraiser Qualification Criteria.

(b) An applicant must complete the applicable education and experience requirements before taking the required examination.

Sec. 13. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision to read:

Subd. 4. **Reexamination.** (a) An examination is required to renew a license if the license:

(1) has been suspended;

(2) has been ineffective for two or more years; or

(3) has not been renewed for two or more years.

(b) Notwithstanding paragraph (a), an examination is not required for an individual who has failed to renew an existing license due to absence from Minnesota while on active duty with the United States armed services.

Sec. 14. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision to read:

Subd. 5. **Examination frequency.** The commissioner may hold examinations at times and places the commissioner determines reasonable.

6.1 Sec. 15. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
6.2 to read:

6.3 Subd. 6. **Period for application.** An applicant who obtains an acceptable examination  
6.4 score must file an application and obtain a license within two years of the date of the  
6.5 successful completion of the examination. An applicant who fails to meet this requirement  
6.6 must take another examination in order to qualify for a license.

6.7 Sec. 16. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
6.8 to read:

6.9 Subd. 7. **Renewal; examination.** Except as provided in subdivision 4, an examination  
6.10 is not required to renew a license.

6.11 Sec. 17. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
6.12 to read:

6.13 Subd. 8. **Examination eligibility; revocation.** An applicant is prohibited from taking  
6.14 an examination if the applicant's real estate appraiser license has been revoked in Minnesota  
6.15 or another state during the two years prior to the application date.

6.16 Sec. 18. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
6.17 to read:

6.18 Subd. 9. **Fees.** The commissioner may assess an examination fee in an amount equal to  
6.19 the actual direct costs to hold the examination.

6.20 Sec. 19. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
6.21 to read:

6.22 Subd. 10. **Cheating.** The commissioner must not accept the scores of an individual who  
6.23 has cheated on an examination. Cheating on a real estate appraiser examination is grounds  
6.24 to deny an application for an appraiser's license.

6.25 Sec. 20. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
6.26 to read:

6.27 Subd. 11. **Supervisory and trainer appraiser course.** In addition to the education  
6.28 required under subdivision 3, an applicant for a trainee real property appraiser license must  
6.29 complete a six-hour course that covers the requirements and responsibilities of supervisory  
6.30 appraisers and trainee appraisers. A course approved by the commissioner under this

7.1 subdivision must be titled "Minnesota Supervisor and Trainee Appraiser Course." This  
7.2 course does not count as qualifying education to upgrade to a higher level of an appraiser  
7.3 license.

7.4 Sec. 21. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
7.5 to read:

7.6 Subd. 12. **Commissioner's approval; rules.** Courses, instructions, and procedures for  
7.7 courses must be approved by the commissioner. The commissioner may adopt rules to  
7.8 administer this section. The credit hours required by this section may be credited to a person  
7.9 for distance education courses that meet the requirements of the Appraiser Qualifications  
7.10 Board, as contained in the Real Property Appraiser Criteria.

7.11 Sec. 22. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
7.12 to read:

7.13 Subd. 13. **Student tracking manual.** A student must record the education, experience,  
7.14 and other requirements in an orderly manner and contemporaneously with completion, in  
7.15 a student tracking manual. The tracking manual must be organized by required core  
7.16 curriculum modules and subtopics.

7.17 Sec. 23. Minnesota Statutes 2018, section 82B.095, is amended by adding a subdivision  
7.18 to read:

7.19 Subd. 14. **Appraiser prelicense education.** (a) Credit toward the education requirements  
7.20 of this section may be obtained through the completion of a degree in real estate from an  
7.21 accredited degree-granting college or university whose curriculum has been reviewed and  
7.22 approved by the Appraiser Qualifications Board.

7.23 (b) Notwithstanding section 45.22, a college or university course may be approved  
7.24 retroactively by the commissioner for appraiser prelicense education credit if:

7.25 (1) the course was offered by a college or university located in Minnesota;

7.26 (2) the college or university was an approved education provider at the time the course  
7.27 was offered; and

7.28 (3) the commissioner's approval is the same in terms of courses, hours, and time limits  
7.29 as those specified by the Appraiser Qualifications Board.

8.1 Sec. 24. Minnesota Statutes 2018, section 82B.105, is amended to read:

8.2 **82B.105 RECIPROCITY.**

8.3 The education, experience, and examination requirements of this chapter ~~may~~ must be  
8.4 waived by the commissioner ~~for individuals of other jurisdictions if: (1) the individual is~~  
8.5 licensed and in good standing in another jurisdiction and is listed in good standing on the  
8.6 National Registry maintained by the Appraisal Subcommittee, and (2) the licensing  
8.7 requirements of that jurisdiction are substantially similar to the provisions of this chapter.

8.8 Sec. 25. Minnesota Statutes 2018, section 82B.11, is amended by adding a subdivision to  
8.9 read:

8.10 Subd. 2a. **Trainee real property appraiser.** The scope of practice for a trainee real  
8.11 property appraiser is the appraisal of properties which a certified residential real property  
8.12 appraiser or certified general real property appraiser acting as the supervisory appraiser is  
8.13 permitted and competent to appraise.

8.14 Sec. 26. Minnesota Statutes 2018, section 82B.11, subdivision 6, is amended to read:

8.15 Subd. 6. **Temporary practice.** (a) The commissioner shall issue a license for temporary  
8.16 practice as a real estate appraiser under subdivision 3, 4, or 5 to a person certified or licensed  
8.17 by another state if:

8.18 ~~(1) the property to be appraised is part of a federally related transaction and the person~~  
8.19 ~~is licensed to appraise property limited to the same transaction value or complexity provided~~  
8.20 ~~in subdivision 3, 4, or 5;~~

8.21 ~~(2)~~ (1) the appraiser's business is of a temporary nature; and

8.22 ~~(3)~~ (2) the appraiser registers with the commissioner to obtain a temporary license before  
8.23 conducting appraisals within the state.

8.24 (b) The term of a temporary practice license is the lesser of:

8.25 (1) the time required to complete the assignment; or

8.26 (2) 12 months.

8.27 If more than 12 months are necessary to complete the assignment, a new temporary  
8.28 application and fee is required.



9.1 Sec. 27. Minnesota Statutes 2018, section 82B.19, subdivision 1, is amended to read:

9.2 Subdivision 1. **License renewals.** (a) The commissioner must determine that a licensed  
9.3 real estate appraiser has met the continuing education requirements ~~of this chapter in the~~  
9.4 most recent version of the Real Property Appraiser Qualification Criteria, published by the  
9.5 Appraiser Qualifications Board of the Appraisal Foundation before the commissioner renews  
9.6 a license. This determination must be based on, for a resident appraiser, course completion  
9.7 records uploaded electronically in a manner prescribed by the commissioner and, for a  
9.8 nonresident appraiser, course completion records presented by electronic transmission or  
9.9 uploaded electronically in a manner prescribed by the commissioner.

9.10 ~~The basic continuing education requirement for renewal of a license is the completion~~  
9.11 ~~by the applicant either as a student or as an instructor, during the immediately preceding~~  
9.12 ~~term of licensing, of at least 30 classroom hours of instruction in courses or seminars that~~  
9.13 ~~have received the approval of the commissioner. Classroom hour credit must not be accepted~~  
9.14 ~~for courses of less than two hours. As part of the continuing education requirements of this~~  
9.15 ~~section, the commissioner must require that all real estate appraisers successfully complete~~  
9.16 ~~the seven-hour national USPAP update course every two years. If the applicant's immediately~~  
9.17 ~~preceding term of licensing consisted of six or more months, but fewer than 24 months, the~~  
9.18 ~~applicant must provide evidence of completion of 15 hours of instruction during the license~~  
9.19 ~~period. The credit hours required under this section may be credited to a person for distance~~  
9.20 ~~education courses that meet Appraiser Qualifications Board criteria. An approved prelicense~~  
9.21 ~~education course may be taken for continuing education credit.~~

9.22 (b) The 15-hour USPAP course cannot be used to satisfy the requirement to complete  
9.23 the seven-hour national USPAP update course every two years.

9.24 Sec. 28. Minnesota Statutes 2018, section 82B.19, subdivision 2, is amended to read:

9.25 Subd. 2. **Rules.** ~~(a) The commissioner may adopt rules to assure that persons renewing~~  
9.26 ~~their licenses as licensed real estate appraisers have current knowledge of real property~~  
9.27 ~~appraisal theories, practices, and techniques that will provide a high degree of service and~~  
9.28 ~~protection to those members of the public with whom they deal in a professional relationship~~  
9.29 ~~under authority of their license.~~

9.30 ~~(b)~~ To the extent the commissioner considers it appropriate, courses or parts of courses  
9.31 may be considered to satisfy both continuing education requirements under this section and  
9.32 continuing real estate education requirements.

~~(e) As a prerequisite for course approval, education providers must submit proposed monitoring methods, and systems for recording attendance sufficient to ensure that participants receive course credit only for portions actually attended.~~

Sec. 29. Minnesota Statutes 2018, section 82B.19, is amended by adding a subdivision to read:

Subd. 5. **Approval of appraiser continuing education.** (a) Notwithstanding section 45.30, subdivision 6, paragraph (a), the commissioner must permit a licensee to submit for approval a continuing education course that has not been preapproved. The commissioner may charge a fee of up to \$25 to review for approval a continuing education course that was not preapproved.

(b) A continuing education course that has been approved in another jurisdiction must be approved by the commissioner for continuing education in Minnesota, unless the subject of the continuing education course is only relevant outside of Minnesota. This includes but is not limited to updates on real estate market conditions outside of Minnesota, the laws and regulations of another state, or any other subject that is not applicable to the appraisal of real estate or real property in Minnesota.

(c) A provider in Minnesota or in another state that exclusively offers courses that can only be used by a licensee to satisfy the continuing education requirements of this section is not an education provider for purposes of chapter 45.

Sec. 30. Minnesota Statutes 2018, section 82B.20, subdivision 1, is amended to read:

Subdivision 1. **Enforcement.** The license of a licensed real estate appraiser may be denied, revoked, or suspended, or the person may be otherwise disciplined in accordance with this chapter and section 45.027, upon any of the grounds set forth in this section.

Sec. 31. Minnesota Statutes 2018, section 82B.20, subdivision 2, is amended to read:

Subd. 2. **Conduct prohibited.** No person may:

(1) obtain or try to obtain a license under this chapter by knowingly making a false statement, submitting false information, refusing to provide complete information in response to a question in an application for license, or through any form of fraud or misrepresentation;

(2) fail to meet the minimum qualifications established by this chapter;

(3) be convicted, including a conviction based upon a plea of guilty or nolo contendere, of a crime that is substantially related to the qualifications, functions, and duties of a person developing real estate appraisals and communicating real estate appraisals to others;

(4) engage in an act or omission involving dishonesty, fraud, or misrepresentation with the intent to substantially benefit the license holder or another person or with the intent to substantially injure another person;

(5) engage in a violation of any of the standards for the development or communication of real estate appraisals as provided in this chapter;

(6) fail or refuse without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal;

(7) engage in negligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal;

(8) willfully disregard or violate any of the provisions of this chapter or the rules of the commissioner for the administration and enforcement of the provisions of this chapter;

(9) accept an appraisal assignment when the employment itself is contingent upon the appraiser reporting a predetermined estimate, analysis, or opinion, or where the fee to be paid is contingent upon the opinion, conclusion, or valuation reached, or upon the consequences resulting from the appraisal assignment;

(10) violate the confidential nature of governmental records to which the person gained access through employment or engagement as an appraiser by a governmental agency;

(11) offer, pay, or give, and no person shall accept, any compensation or other thing of value from a real estate appraiser by way of commission-splitting, rebate, finder's fee, or otherwise in connection with a real estate appraisal. This prohibition does not apply to transactions among persons licensed under this chapter if the transactions involve appraisals for which the license is required;

(12) engage or authorize a person, except a person licensed under this chapter, to act as a real estate appraiser on the appraiser's behalf;

(13) violate standards of professional practice;

~~(14) make an oral appraisal report without also making a written report within a reasonable time after the oral report is made;~~

~~(15)~~ (14) represent a market analysis to be an appraisal report;

12.1 ~~(16) give an appraisal in any circumstances where the appraiser has a conflict of interest,~~  
12.2 ~~as determined under rules adopted by the commissioner; or~~

12.3 ~~(17)~~ (15) engage in other acts the commissioner by rule prohibits.

12.4 No person, including a mortgage originator, appraisal management company, real estate  
12.5 broker or salesperson, appraiser, or other licensee, registrant, or certificate holder regulated  
12.6 by the commissioner may improperly influence or attempt to improperly influence the  
12.7 development, reporting, result, or review of a real estate appraisal. Prohibited acts include  
12.8 blacklisting, boycotting, intimidation, coercion, and any other means that impairs or may  
12.9 impair the independent judgment of the appraiser, including but not limited to the withholding  
12.10 or threatened withholding of payment for an appraisal fee, or the conditioning of the payment  
12.11 of any appraisal fee upon the opinion, conclusion, or valuation to be reached, or a request  
12.12 that the appraiser report a predetermined opinion, conclusion, or valuation, or the desired  
12.13 valuation of any person, or withholding or threatening to withhold future work in order to  
12.14 obtain a desired value on a current or proposed appraisal assignment.

12.15 Sec. 32. Minnesota Statutes 2018, section 82B.21, is amended to read:

12.16 **82B.21 CLASSIFICATION OF SERVICES.**

12.17 A client or employer may retain or employ a licensed real estate appraiser to act as a  
12.18 disinterested third party in giving an unbiased estimate of value or analysis; to provide a  
12.19 market analysis to facilitate the client's or employer's objectives; ~~or to perform a limited~~  
12.20 ~~appraisal.~~ The appraisal and the appraisal report must comply with the provisions of this  
12.21 chapter and the uniform standards of professional appraisal practice.

12.22 Sec. 33. Minnesota Statutes 2018, section 82B.22, is amended to read:

12.23 **82B.22 CONTINGENT FEES.**

12.24 ~~A licensed real estate appraiser may not accept a commission for an appraisal assignment~~  
12.25 ~~that is contingent upon the appraiser reporting a predetermined estimate, analysis, or opinion,~~  
12.26 ~~or is contingent upon the opinion, conclusion, or valuation reached, or upon the consequences~~  
12.27 ~~resulting from the appraisal assignment.~~

12.28 A licensed real estate appraiser who enters into an agreement to perform a market analysis  
12.29 may be paid a fixed fee or a fee that is contingent on the results achieved by the specialized  
12.30 services.

12.31 If a licensed real estate appraiser enters into an agreement to perform a market analysis  
12.32 for a contingent fee, this fact must be clearly stated in each written and oral report. In each

13.1 written report, this fact must be clearly stated in a prominent location in the report and also  
13.2 in each letter of transmittal and in the licensing statement made by the appraiser in the report.

13.3 Sec. 34. **REPEALER.**

13.4 Minnesota Statutes 2018, sections 82B.021, subdivision 17; 82B.071, subdivision 2;  
13.5 82B.095, subdivision 2; 82B.10, subdivisions 1, 2, 3, 4, 5, 6, 8, and 9; 82B.11, subdivision  
13.6 2; 82B.12; 82B.13, subdivisions 1, 1a, 3, 4, 5, 6, 7, and 8; 82B.14; and 82B.195, subdivisions  
13.7 2 and 3, are repealed.

13.8 Sec. 35. **EFFECTIVE DATE.**

13.9 Sections 1 to 34 are effective August 1, 2019.

## **82B.021 DEFINITIONS.**

Subd. 17. **Foundation appraisal organization.** "Foundation appraisal organization" means a member private appraisal trade organization of the Appraisal Foundation including, but not limited to, the following: American Institute of Real Estate Appraisers, American Society of Appraisers, American Society of Farm Managers and Rural Appraisers, International Association of Assessing Officers, International Right of Way Association, National Association of Independent Fee Appraisers, National Society of Real Estate Appraisers, or Society of Real Estate Appraisers.

## **82B.071 RECORDS.**

Subd. 2. **Retention.** Licensees shall keep a separate work file for each appraisal assignment, which is to include copies of all contracts engaging his or her services for the real estate appraisal, appraisal reports, and all data, information, and documentation assembled and formulated by the appraiser to support the appraiser's opinions and conclusions and to show compliance with USPAP, for a period of five years after preparation, or at least two years after final disposition of any judicial proceedings in which the appraiser provided testimony or was the subject of litigation related to the assignment, whichever period expires last. Appropriate work file access and retrieval arrangements must be made between any trainee and supervising appraiser if only one party maintains custody of the work file.

## **82B.095 APPRAISER QUALIFICATION COMPONENTS.**

Subd. 2. **Conformance to Appraiser Qualifications Board criteria.** Qualifications for all levels of licensing must conform to the Real Property Qualification Criteria established by the Appraiser Qualifications Board for implementation effective January 1, 2015.

## **82B.10 EXAMINATIONS.**

Subdivision 1. **Generally.** (a) An applicant for a license must pass an examination conducted by the commissioner. The examinations must be of sufficient scope to establish the competency of the applicant to act as a real estate appraiser and must conform with the current National Uniform Exam Content Outlines published by the Appraiser Qualifications Board.

(b) A passing grade for a real estate appraiser licensing examination must be the cut score defined by the Appraiser Qualifications Board criteria.

(c) To qualify for a license as a trainee real property appraiser, an applicant must pass a current trainee real property appraiser examination. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(d) To qualify for a license as a licensed real property appraiser, an applicant must pass a current uniform licensed real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(e) To qualify for a license as a certified residential real property appraiser, an applicant must pass a current uniform certified residential real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(f) To qualify for a license as a certified general real property appraiser, an applicant must pass a current uniform certified general real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(g) An applicant must complete the applicable education prerequisites in section 82B.13 and the experience requirements in section 82B.14 before the applicant takes the examination required under this section.

Subd. 2. **Reexaminations.** An examination must be required before renewal of a license that has been suspended, or before the issuance of a license to a person whose license has been ineffective for a period of two years. No reexamination is required of an individual who has failed to renew an existing license because of absence from the state while on active duty with the armed services of the United States of America.

Subd. 3. **Examination frequency.** The commissioner must hold examinations at times and places the commissioner determines.

Subd. 4. **Period for application.** An applicant who obtains an acceptable score on an examination must file an application and obtain the license within two years of the date of successful completion of the examination or a second examination must be taken to qualify for the license.

Subd. 5. **Renewal; examination.** Except as provided in subdivision 2, no examination is required for the renewal of a license. However, a licensee who has been licensed in the state of Minnesota and who fails to renew the license for a period of two years must be required by the commissioner to again take an examination.

Subd. 6. **Examination eligibility; revocation.** No applicant may take an examination if a license as a real estate appraiser has been revoked in this or another state within two years of the date of the application.

Subd. 8. **Fees.** The commissioner may assess an examination fee sufficient to recover the actual direct costs of holding the examination.

Subd. 9. **Cheating.** The commissioner must not accept the scores of a person who has cheated on an examination. Cheating on a real estate appraiser examination must be grounds for denying an application for an appraiser's license.

#### **82B.11 CLASSES OF LICENSE.**

Subd. 2. **Trainee real property appraiser.** When a net income capitalization analysis is not required by the uniform standards of professional appraisal practice, a trainee real property appraiser may appraise residential real property or agricultural property.

#### **82B.12 EXAMINATION REQUIREMENT.**

An original license as a licensed real estate appraiser must be issued to a person who has demonstrated through a written examination process that the appraiser has the following qualifications:

- (1) appropriate knowledge of technical terms commonly used in or related to real estate appraising, appraisal report writing, and economic concepts applicable to real estate;
- (2) understanding the principles of land economics, real estate appraisal processes, and problems likely to be encountered in gathering, interpreting, and processing of data in carrying out appraisal disciplines;
- (3) understanding the standards for the development and communication of real estate appraisals as provided in this chapter;
- (4) knowledge of theories of depreciation, cost estimating, methods of capitalization, and the mathematics of real estate appraisal that are appropriate for the classification of license for which the person is applying;
- (5) knowledge of other principles and procedures appropriate for the classification of license for which the person is applying;
- (6) basic understanding of real estate law; and
- (7) understanding the types of misconduct and ethical considerations for which disciplinary proceedings may be started against a licensed real estate appraiser.

#### **82B.13 EDUCATION PREREQUISITES.**

Subdivision 1. **Trainee real property appraiser.** (a) As a prerequisite for licensing as a trainee real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

- (1) at least 75 hours of prelicense courses approved by the commissioner. Fifteen of the 75 hours must include successful completion of the 15-hour national USPAP course; and
  - (2) in addition to the required hours under clause (1), a six-hour course that is specifically oriented to the requirements and responsibilities of supervisory appraisers and trainee appraisers. A course approved by the commissioner for the purposes of this subdivision must be given the course title "Minnesota Supervisor/Trainee Appraiser Course." This course must not be counted toward qualifying education to upgrade to a higher level appraiser license.
- (b) All qualifying education must be completed within the five-year period prior to the date of submission of a trainee real property appraiser license application.

Subd. 1a. **Licensed real property appraiser.** As a prerequisite for licensing as a licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

- (1) at least 150 hours of prelicense courses approved by the commissioner. The courses must consist of 75 hours of general real estate appraisal principles and the 15-hour national USPAP course; and
- (2) an associate degree or higher from an accredited college or university. In lieu of the required degree, the applicant may present satisfactory documentation of successful completion of 30 semester credit hours of instruction from an accredited college or university.

Subd. 3. **Commissioner's approval; rules.** The courses and instruction and procedures of courses must be approved by the commissioner. The commissioner may adopt rules to administer this section. These rules must, to the extent practicable, conform to the rules adopted for real estate and insurance education. The credit hours required under this section may be credited to a person for distance education courses that meet Appraiser Qualifications Board criteria.

Subd. 4. **Certified residential real property appraiser.** As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

- (1) at least 200 hours of prelicense courses approved by the commissioner, with particular emphasis on the appraisal of one to four unit residential properties. Fifteen of the 200 hours must include successful completion of the 15-hour national USPAP course; and
- (2) a bachelor's degree or higher from an accredited college or university.

Subd. 5. **Certified general real property appraiser.** As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

- (1) at least 300 hours of prelicense courses approved by the commissioner, with particular emphasis on the appraisal of nonresidential properties. Fifteen of the 300 hours must include successful completion of the 15-hour national USPAP course; and
- (2) a bachelor's degree or higher from an accredited college or university.

Subd. 6. **All appraiser license levels.** To receive approval from the commissioner, an appraiser prelicense education course must be at least 15 hours long. The required course hours for all appraiser license levels include completion of the 15-hour national USPAP course and specific core curriculum courses and hours in accordance with the real property appraiser qualification criteria as defined by the Appraisal Qualifications Board:

Trainee	
Basic appraisal principles	30 hours
Basic appraisal procedures	30 hours
The 15-hour national USPAP course or its equivalent	15 hours
Trainee level total education requirements	75 hours
Licensed	
Basic appraisal principles	30 hours
Basic appraisal procedures	30 hours
The 15-hour national USPAP course or its equivalent	15 hours
Residential market analysis and highest and best use	15 hours
Residential appraiser site valuation and cost approach	15 hours
Residential sales comparison and income approaches	30 hours
Residential report writing and case studies	15 hours
Licensed level total education requirements	150 hours



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Certified residential

Basic appraisal principles	30 hours
Basic appraisal procedures	30 hours
The 15-hour national USPAP course or its equivalent	15 hours
Residential market analysis and highest and best use	15 hours
Residential appraiser site valuation and cost approach	15 hours
Residential sales comparison and income approaches	30 hours
Residential report writing and case studies	15 hours
Statistics, modeling, and finance	15 hours
Advanced residential applications and case studies	15 hours
Appraisal subject matter electives	20 hours
(May include hours over minimum shown above in other modules)	
Certified residential level total education requirements	200 hours

Certified general

Basic appraisal principles	30 hours
Basic appraisal procedures	30 hours
The 15-hour national USPAP course or its equivalent	15 hours
General appraiser market analysis and highest and best use	30 hours
Statistics, modeling, and finance	15 hours
General appraiser sales comparison approach	30 hours
General appraiser site valuation and cost approach	30 hours
General appraiser income approach	60 hours
General appraiser report writing and case studies	30 hours
Appraisal subject matter electives	30 hours
(May include hours over minimum shown above in other modules)	
Certified general level total education requirements	300 hours

Subd. 7. **Student tracking manual.** It is the responsibility of students to record the qualifying education they have completed in a student tracking manual broken down by required core curriculum modules and subtopics, and to maintain an orderly record of education, experience, and other requirements.

Subd. 8. **Appraiser prelicense education.** (a) Credit toward the qualifying education requirements of this section may also be obtained via the completion of a degree in real estate from an accredited degree-granting college or university approved by the Association to Advance Collegiate Schools of Business, or a regional or national accreditation agency recognized by the United States Secretary of Education, provided that the college or university has had its curriculum reviewed and approved by the Appraiser Qualifications Board.

(b) Notwithstanding section 45.22, a college or university real estate course may be approved retroactively by the commissioner for appraiser prelicense education credit if:

- (1) the course was offered by a college or university physically located in Minnesota;
- (2) the college or university was an approved education provider at the time the course was offered; and
- (3) the commissioner's approval is made to the same extent in terms of courses and hours and with the same time limits as those specified by the Appraiser Qualifications Board.

#### **82B.14 EXPERIENCE REQUIREMENT.**

(a) As a prerequisite for licensing as a licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,000 hours of experience in real property appraisal obtained in no fewer than 12 months.

As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,500 hours of experience in real property appraisal obtained in no fewer than 24 months.

As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 3,000 hours of experience in real property appraisal obtained in no fewer than 30 months. At least 50 percent, or 1,500 hours, must be in nonresidential appraisal work.

(b) Each applicant for license under section 82B.11, subdivision 3, 4, or 5, shall give under oath a detailed listing of the real estate appraisal reports or file memoranda for which experience is claimed by the applicant. Upon request, the applicant shall make available to the commissioner for examination, a sample of appraisal reports that the applicant has prepared in the course of appraisal practice.

(c) Applicants may not receive credit for experience accumulated while unlicensed, if the experience is based on activities which required a license under this section.

(d) Experience for all classifications must be obtained after January 30, 1989, and must be USPAP compliant.

#### **82B.195 STANDARDS OF CONDUCT.**

Subd. 2. **Disclosure requirements.** In addition to the requirements of the standards of professional appraisal practice as defined by section 82B.021, subdivision 31, an appraiser must, prior to performing any appraisal service which requires licensing pursuant to this chapter, disclose in writing to the person contracting for the appraisal service the information identified in clause (4). In addition, an appraiser must prepare a written disclosure providing the information identified in clauses (1) to (13). The written disclosure must be included as part of the final written appraisal report. As specified in this subdivision, an appraiser must:

- (1) disclose who has employed the appraiser;
- (2) disclose who the appraisal is rendered for, if not the person who employed the appraiser;
- (3) disclose the purpose of the appraisal, including an explanation of the difference between the appraisal being given and an appraisal of fee simple market valuation;
- (4) disclose any conflict of interest or situation which might reasonably be perceived to be a conflict of interest which must include, but not be limited to, the following situations:
  - (i) whether the appraiser has any ownership interest in the subject property or contiguous properties;
  - (ii) whether there is an ownership interest by a spouse, parent, or child of the appraiser in the property or contiguous properties; and
  - (iii) whether the appraiser has a continuing business relationship with one of the parties, for example, any part-time or full-time employment of the appraiser, spouse, children living at home, or dependent children.

Failure to promptly give notification of a conflict must be considered a violation of the standards of professional appraisal practice;

(5) disclose that the appraisal is a reevaluation and identify the areas of difference between the two appraisals and the justification for the changes;

(6) disclose any facts concerning the valuation needed for loan purposes or similar information that was provided to the appraiser before or during the appraisal;

(7) disclose that the appraiser has not performed appraisals of the type requested or for the type of property to be appraised as a regular part of the appraiser's business in the preceding five-year period, provided that if the appraiser asserts qualification by training or related experience to perform the appraisal, the appraiser must set forth the training or experience and how it is applicable to the appraisal;

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(8) disclose the license classification of the appraiser and the types of appraisals that the appraiser is authorized to conduct under the licensure;

(9) disclose any lack of experience or training that would affect the ability of the appraiser to perform the appraisal or could cause rejection of the appraisal by the party requiring the appraisal;

(10) disclose any appraisal on the same property made by the appraiser in the last three years;

(11) disclose all pertinent assumptions upon which a valuation based upon income from the property is derived such as expected occupancy rates, rental rates, construction of future improvements, roads, or highways;

(12) prior to performing the appraisal, disclose whether the appraiser has previously been to the property; and

(13) disclose any other fact or circumstance that could bring the reliability of the appraisal or the impartiality of the appraiser into question.

Subd. 3. **Additional requirements.** In addition to the requirements of subdivisions 1 and 2, an appraiser must:

(1) not knowingly make any of the following unacceptable appraisal practices:

(i) include inaccurate or misleading factual data about the subject neighborhood, site, improvements, or comparable sales;

(ii) fail to comment on negative factors with respect to the subject neighborhood, subject property, or proximity of the subject property to adverse influences;

(iii) unless otherwise disclosed in the appraisal report, use comparables in the valuation process that the appraiser has not at least personally inspected from the exterior by driving by them;

(iv) select and use inappropriate comparable sales or fail to use comparables that are physically and by location the most similar to the subject property;

(v) use data, particularly comparable sales data, that was provided by parties who have a financial interest in the sale or financing of the subject property without the appraiser's verification of the information from a disinterested source. For example, it would be inappropriate for an appraiser to use comparable sales provided by the builder of the subject property or a real estate broker who is handling the sale of the subject property, unless the appraiser verifies the accuracy of the data provided through another source. If a signed HUD Settlement Statement is used for this verification, the appraiser must also verify the sale data with the buyer or county records. The appraiser must also make an independent investigation to determine that the comparable sales provided were the best ones available;

(vi) use adjustments to the comparable sales that do not reflect the market's reaction to the differences between the subject property and the comparables, or fail to make adjustments when they are clearly indicated;

(vii) develop a valuation conclusion that is based either partially or completely on factors identified in chapter 363A, including race, color, creed, religion, sex, marital status, status with regard to public assistance, disability, sexual orientation, familial status of the owner or occupants of nearby property, or national origin of either the prospective owners or occupants of the properties in the vicinity of the subject property; or

(viii) develop a valuation conclusion that is not supported by available market data;

(2) provide a resume, current within six months of the date it is provided, to anyone who employs the appraiser, indicating all professional degrees and licenses held by the appraiser; and

(3) reject any request by the person who has employed the appraiser that is in conflict with the requirements of Minnesota law or this chapter and withdraw from the appraisal assignment if the employing party persists in the request.