

# The **NEXT GENERATION** of Appraisal Management

## Is Your AMC Prepared For Reasonable And Customary Fee Compliance? Solidifi Is.

The Dodd-Frank Act requires that lenders and their agents pay reasonable and customary fees to appraisers. Appraisal Management Companies across the country are busy preparing for compliance.

Solidifi is ready. In fact, our full fee payment model – where fees are set by appraisers themselves – ensures we're well on our way to meeting the requirements.

In addition to our full fee payment model, we also apply three tests for flat fee clients to make certain we're Dodd-Frank compliant prior to determining an appraiser for an assignment.

Regulations require that lenders and their agents comply with one of two Dodd-Frank presumptions of compliance. However, as a market leader, we take an additional step to ensure we go beyond standard requirements.

### Our Steps To Dodd-Frank Compliance:

#### **The Dodd-Frank Position:**

If a fee is reasonably related to recent rates paid for appraisal services in a relevant geographic market, a creditor and its agent are presumed to have paid a customary and reasonable fee. In setting a fee, the creditor and its agent have accounted for factors such as property type and scope of work. Additionally, the creditor and agent are not engaged in any anticompetitive actions that affect the fee, such as price-fixing, restricting others from entering the market or violating state or federal laws.

#### **Solidifi Compliance Test #1:**

Solidifi uses historical fees paid to appraisers to determine whether fees are reasonable and customary. We do this by taking the average of the full fees we pay to appraisers in specific geographic locations. We then apply a dollar value range above the average and a dollar value range below the average to determine the reasonable and customary fee range. Once we determine the fee range, we only use appraisers whose fees fit within it. According to our full fee model approach, these fees are not set by – or split with – Solidifi. The fees are set by an appraiser.

#### **Solidifi Compliance Test #2:**

Although not required by Dodd-Frank, Solidifi applies a second test to further ensure fees are reasonable and customary: We take the average of all full fees posted by appraisers in specific geographic locations. Once we determine the fee range, we only use appraisers whose fee fits within it. We then apply a dollar value range above the average and a dollar value range below the average to determine the reasonable and customary fee range. And, we only rotate orders to appraisers within that fee range. According to our full fee model approach, these fees are not set by – or split with – Solidifi. The fees are set by an appraiser.

#### **The Dodd-Frank Position:**

A creditor or its agent complies with Dodd-Frank if they establish a fee by relying on rates established by third party information, such as the appraisal fee schedule issued by the Veteran's Administration or fee surveys and reports performed by an independent third party, provided that these surveys and reports do not include fees paid by AMCs.

#### **Solidifi Compliance Test #3:**

Using the average fee from a third party industry recognized survey, we apply a dollar value range above the average and a dollar value range below the average to determine the reasonable and customary fee range. Once we determine the fee range, we only use appraisers whose fee fits within it.

Do you have questions about reasonable and customary fee compliance? Call us at 1- 866-781-0184.

Make an Incredibly Smart Decision  
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