

HOUSE BILL NO. 1080

HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE

Testimony

Corey Kost, Chairperson

NORTH DAKOTA REAL ESTATE APPRAISER QUALIFICATIONS AND ETHICS BOARD

January 8, 2025

Mr. Chairman, members of the committee, my name is Corey Kost, and I am Chair of the North Dakota Real Estate Appraiser Qualifications and Ethics Board. I am also a practicing appraiser based in Bismarck. I will refer to this Board throughout my testimony as either the North Dakota Appraiser Board or the Appraiser Board.

It is my pleasure to represent the Appraiser Board this afternoon on House Bill 1080. This Bill updates the statutory language within the appraisal management company (AMC) statute to bring the statute into compliance with Title XI of FIRREA as amended by Dodd Frank and the AMC Rule. The AMC Rule is the federal interagency final rule on minimum requirements for State registration and supervision of AMCs.

All State Board Appraiser Management Company (AMC) Programs are monitored at the federal level by the Appraisal Subcommittee (ASC). The Appraisal Subcommittee conducts periodic Compliance Reviews of each State Appraiser and AMC Regulatory Program to determine compliance with Title XI and the AMC Rule. In the most recent ASC State Review of the North Dakota Appraiser Board's AMC Program, the ASC found three areas of noncompliance within the AMC statute, NDCC 43-23.5.

The Board and Staff collaborated with the Appraiser Board's ASC Policy Manager, as well as Mark Schiffman, Executive Director of REVAA (Real Estate Valuation Advocacy Association) and David Cherner of ClearCapital.com in drafting the proposed language to NDCC 43-23.5 to bring it into compliance with Title XI and the AMC Rule.

SECTION 1. AMENDMENT. 43-23.5-01. Definitions.

Page 3, lines 22 - 26: An amendment to 43-23.5-07 Exemptions addresses federally

regulated appraisal management companies. Therefore, the Board thought it was important provide a definition of a federally regulated appraisal management company.

SECTION 2. AMENDMENT. 43-23.5-07. Exemptions.

ASC Issue No. 1: *The State's exemption for federally regulated AMCs does not comply with Title XI. States shall not require an AMC that is a subsidiary owned and controlled by a financial institution regulated by a federal financial institution regulatory agency to register with a State.*

Page 4, line 11. Federally regulated AMCs are not required to register with States. Therefore, the Board added "a federally regulated appraisal management company" as an exemption to bring this area into compliance.

SECTION 3. AMENDMENT. 43-23.5-08. Ownership Requirements.

ASC Issue No. 2: *North Dakota does not determine whether any owner of the AMC has had their appraiser credential refused, denied, canceled, revoked, or surrendered for a substantive cause.*

Page 4, lines 28 and 31, Page 5, lines 1-4, 7-10, and 20-25. The language has been revised to reflect the language from ASC Policy Statement 8 and AMC Rule CFR §34-214. States shall not register or renew an AMC if the AMC is owned by an individual that has had a license or certificate refused, denied, canceled, surrendered in lieu or revocation, or revoked in any State for a substantive cause, as determined by the Board. The revised language to HB 1080 brings this area of noncompliance into compliance.

SECTION 4. AMENDMENT. 43-23.5-15 Retention of records.

Page 6, line 10. If the Board requests records from the AMC, current language provides the AMC the option of submitting the requested records. The Board is amending the language in this Section to "require" an AMC submit records upon Board request.

SECTION 5. AMENDMENT. 43-23.5-21.

ASC issue No. 3: *North Dakota must impose requirements on State-registered AMCs to provide*

written notice when removing appraisers from the Panel consistent with AMC Rule. ND allows an AMC to remove an appraiser from the panel without notice, within the first 90 days after the appraiser is first added to the panel, when there is no such grace period in the AMC rule.

Page 6, lines 14-15. To bring this area into compliance, the language has been revised to prohibit anyone acting on behalf of an AMC from removing an appraiser from its panel without first providing written notice.

This concludes my testimony.

On behalf of the North Dakota Appraiser Board, I respectfully recommend a "Do Pass" of House Bill 1080.

I would be happy to entertain any questions.

Corey Kost, Chairperson
North Dakota Real Estate Appraiser Qualifications and Ethics Board