

The Honorable Jeff Barta
North Dakota Senate
Chair, Industry and Business Committee

RE: HB1354

Dear Chairman Barta and Members of the Senate Industry and Business Committee:

The North Dakota Appraisers Association (NDAA) was established in 2016 and represents approximately 140 Appraiser Members within the State of North Dakota. The NDAA is an association of Appraisers for Appraisers. Our primary goals include - Gaining greater public trust and confidence through non-partisan interaction with legislative bodies, government regulatory agencies and other related organizations; Promoting high standards of conduct within the appraisal profession; To foster and promote the appraisal profession through outreach to affiliated industries.

The NDAA strongly supports HB1354 which would allow appraisers to perform evaluations for financial institutions regulated by federal agencies under the Interagency Appraisal and Evaluations Guidelines. This legislation modernizes outdated restrictions in the North Dakota Century Code and improves service options for lenders and consumers.

Key Benefits of HB1354

- **For Lenders and Consumers:**
 - Higher quality evaluations from trained professionals, reducing regulatory risk.
 - Time savings with a finished product requiring less internal labor for review.
 - Improved statewide service coverage, especially in rural areas.
 - Increased options for evaluation services, leading to better customer service.
 - Reduced consumer wait times and costs.
 - Greater confidence in handling complex property evaluations.
- **For Appraisers:**
 - Helps maintain steady work during periods of low lending volume, retaining professionals in the field.
 - Flexibility to diversify service offerings, enabling appraisers to perform both appraisals and evaluations, which are valuable in varying market conditions.
 - Improve training pathways for apprentice appraisers, thereby expanding opportunities to enter the appraisal profession.
 - Removes legal restrictions that prevent appraisers from performing evaluations, allowing them to compete effectively.

What is an Evaluation? Evaluations are valuation products used by financial institutions to estimate the market value of real property for transactions below certain de minimis thresholds. Unlike full appraisals, evaluations are not required to comply with USPAP but must meet sound banking practices and reliability standards. The Interagency Guidelines explicitly recognize appraisers as qualified to perform evaluations. Regulatory oversight of these products remains the responsibility of financial institutions to ensure compliance and quality.

Addressing Misconceptions

- **HB1354 does not reduce regulatory oversight** but rather allows appraisers to compete on equal terms with other professionals authorized to perform evaluations.
- **HB1354 does not eliminate any other group of professionals from performing evaluations** but rather seeks to include appraisers.

Why This Legislation is Necessary The current North Dakota Century Code unintentionally excludes appraisers—the most qualified valuation professionals—from performing evaluations. This outdated restriction limits competition and reduces consumer choice, delaying wait times and increasing costs. Allowing appraisers to perform evaluations will enhance service availability and maintain high standards of quality and reliability. Approximately 15 states have adopted similar measures, to include the neighboring states of South Dakota and Minnesota. Modernizing the law will strengthen the industry and better serve the public and financial institutions.

Conclusion

The North Dakota Appraisers Association believes that by passing HB1354, you can ensure a more efficient, competitive, and consumer-friendly valuation process, benefiting lenders, borrowers, and professionals across the state. We respectfully ask the Committee to recommend a "Do Pass" recommendation on HB1354. In support of this recommendation, NDAA past President and current Chair of the Government Affairs Committee, Dean Rylander, will be providing in-person testimony and available for questions.

Respectfully submitted,



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