

HOUSE BILL NO. 1106

HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE

Testimony

Corey Kost, Chairperson

NORTH DAKOTA REAL ESTATE APPRAISER QUALIFICATIONS AND ETHICS BOARD

January 4, 2023

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 commercial 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 morning on House Bill 1106. This bill updates the statutory language within the appraisal management company statute, NDCC 43-23.5.

**SECTION 1. AMENDMENT. 43-23.5-12. Appraisal review.**

*Any employee of, or independent contractor to, the appraisal management company that performs an appraisal review for a property located in this state must be:*

- ~~1. A ~~Certified~~ certified or licensed appraiser in good standing in this state; or~~
- ~~2. A certified or licensed appraiser in good standing in another state.~~

**Page 1, lines 9 & 10.** This change clears up a discrepancy between the appraiser statute and AMC statute. It simply clarifies that an individual who performs an appraisal review of the appraisal of a property located in North Dakota needs to hold a North Dakota permit. An appraisal review is defined as *"the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal assignment related to the appraiser's data collection, analysis, opinions, conclusions, estimate of value, or compliance with the uniform standards of professional appraisal practice.*

*This term does not include:*

- a. A general examination for grammatical, typographical, or other similar errors.
- b. A general examination for completeness, including regulatory client requirements, or both

Obtaining a permit can be easily accomplished through reciprocity. North Dakota is consistent with the minimum reciprocity requirements allowed on the federal level if it is an ongoing practice, or with a temporary practice permit if it is a one-time assignment.

This is an issue because the North Dakota Appraiser Board cannot take action on any complaints against a review appraiser, regardless of the severity of the offense, if the review appraiser does not hold a North Dakota permit. If the review appraiser was licensed in another state, say New York, the New York Appraiser Board would likely not take action because the property is located in North Dakota. The result is a void in appraiser accountability and state appraiser board responsibility.

This concludes my testimony.

The North Dakota Appraiser Board respectfully recommends a "Do Pass" of House Bill 1106. I would be happy to entertain any questions.

Corey Kost

North Dakota Real Estate Appraiser Qualifications and Ethics Board