



# **North Dakota Farm Credit Council**

AgCountry Farm Credit Services

Farm Credit Services of Mandan

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**Testimony of Timothy L. Kreft, ARA  
Chief Appraiser for Ag Country Farm Credit Services  
HB 1133  
March 20, 2023**

Chairman Larsen and members of the Senate Industry and Business Committee, my name is Tim Kreft and I am the Chief Appraiser for AgCountry Farm Credit Services. On behalf of the North Dakota Farm Credit Council (NDFCC), I'd like to express our support for HB 1133, which proposes some minor changes to subsection 6 of section 11-18-02.2 of the North Dakota Century Code. HB 1133 strikes Code J, which includes agricultural lands of less than eighty acres, as an acceptable exclusion to providing the consideration price on the deeds that are filed with country recorders. NDFCC is in favoring of the removal of Code J.

NDFCC is comprised of two farmer/rancher-owned independent Farm Credit associations that provide credit and financial services to farmers, ranchers and agribusinesses of all sizes and income ranges in every county in North Dakota. North Dakota Farm Credit cooperatives provide about \$12.7 billion in loans to farmer, rancher and agribusinesses and provide financial services to approximately 28,000 customers. Both Farm Credit associations serving North Dakota employ their own appraisers and primarily work in smaller, rural markets where sales data is more limited.

According to our Farm Credit Services appraisers, the most time consuming and expensive aspect of appraising rural properties is the tracking, finding, verifying, and analyzing of good sales data. To effectively and efficiently provide a reliable and credible appraisal report, appraisers need consistent and adequate access to good sales data. This data would be beneficial not only to the appraisal profession; but also, to the financial institutions and consumers of appraisal services by allowing appraisers to provide their final work product in a timelier manner and possibly at cost savings to the consumer.

The change would allow appraisers more access to market derived sales data that could be useful in appraisal assignments; however, these exclusions are being used by some real estate professionals to avoid disclosure of actual sales price of a real estate transaction that would typically be considered a market derived sale.

The removal of Code J, which includes agricultural lands of less than eighty acres is beneficial for the following reasons:

- This Code has been used by individuals to avoid disclosure of the sale price from auctions, bid sales, broker facilitated, or even by private sales that would be considered market value, simply because of the limited number of acres involved.
- As land values continue to increase, this impacts the effective purchasing power in market areas with smaller tract sales being prevalent that are for agricultural use.
- Code J as it now stands, also limits the ability to track data for vacant site sales in the rural residential markets. This hinders the ability of individuals to obtain financing if they are looking to purchase to construct a dwelling for their families.

- Young and beginning farmers may be the most common or frequent purchaser of small tracts, 80 acres or less, as they work to get established in farming or ranching. More sales data may help these young farmers obtain more available and affordable financing.

The removal or amending of this Code J within subsection 6 of section 11-18-02.2 would also be beneficial for the general public as good sales data is already severely limited in many rural markets in North Dakota. The availability of the information from publicly offered sales could be used by the legal profession, financial institutions, real estate sales professionals, as well as licensed and certified appraisers to provide better data to their customers and clients.

In addition, financial institutions and real estate sales professionals have long complained about the time it takes to obtain an appraisal without realizing the time and cost an appraiser spends in tracking down sales data in remote areas. Changes to the current list of exemption pertaining to real estate transactions would help reduce the time to verify good sales data and could improve the time that consumers must wait for an appraisal to be completed.

In closing, NDFCC encourages you to give HB 1133 a Do Pass recommendation because it will help enhance the timeliness, credibility, and efficiency of appraisal services.

Independently owned and operated associations serving North Dakota.

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