2025 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1354

2025 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Room JW327C, State Capitol

HB1354
1/21/2025

A BILL for an Act to amend and reenact sections 43-23.3-01 and 43-23.3-18 of the North Dakota Century Code, relating to the definitions of agency and evaluation, the standards of professional appraisal practice, and appraisal and evaluation guidelines.

10:00 a.m. Chairman Warrey opened the meeting.

Members Present: Chairman Warrey, Vice Chairman Ostlie, Vice Chairman Johnson, Representatives Bahl, Brown, Christy, Finley-DeVille, Grindberg, Kasper, Koppelman, D. Ruby, Schatz, Schauer, Vollmer

Discussion Topics:

- Appraisals need
- 15 other States
- Valuation, evaluation
- Defines agency
- Uniform Standards of Professional Appraisal Practice (USPAP)
- Appraisal training
- State and Federal guidelines
- Demi Mimus
- Mortgage lenders

10:01 a.m. Representative D. Ruby, District 38, Minot, ND, introduced the bill and testified.

10:09 a.m. Representative Steve Vetter, District 18, Grand Forks, ND, testified in favor and submitted testimony #30533.

10:35 a.m. Dean Rylander, Government Affairs Chairman, ND Appraisers Association, testified in favor.

10:56 a.m. Lise Kruse, Commissioner, ND Financial Institutions, testified as neutral and submitted testimony #30534.

10:59 a.m. John Alexander, ND Credit Union testified as neutral.

11:00 a.m. Representative Koppelman moved Do Pass.

11:00 a.m. Representative Grindberg seconded the motion.

Representatives	Vote
Representative Jonathan Warrey	Y
Representative Mitch Ostlie	Y
Representative Landon Bahl	Y

Representative Collette Brown	Y
Representative Josh Christy	Y
Representative Lisa Finley-DeVille	Y
Representative Karen Grindberg	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Mike Schatz	AB
Representative Austin Schauer	Y
Representative Daniel R. Vollmer	Y

Motion passed 13-0-1

11:02 a.m. Representative Vollmer will carry the bill.

Additional written testimony:
Wade Becker, President, ND Appraiser Association, submitted testimony in favor #30128.

11:02 a.m. Chairman Warrey closed the meeting

Diane Lillis, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1354 (25.1077.01000)

Industry, Business and Labor Committee (Rep. Warrey, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1354 was placed on the Eleventh order on the calendar.

NDAA
North Dakota Appraisers Association

The Honorable Jonathan Warrey
North Dakota House of Representatives
Chair, Industry, Business and Labor Committee

RE: HB1354

Dear Chairman Warrey and Members of the House Industry, Business and Labor 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,

Wade Becker
President
North Dakota Appraisers Association
701-751-4496
wade@boulderappraisal.com
www.ndappraisers.org

Legislative Assembly

North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Representative Steve Vetter
District 18
804 South 17th Street
Grand Forks, ND 58201-4241
smvetter@ndlegis.gov

COMMITTEES:
Judiciary (Vice Chair)
Government and Veterans Affairs

Chairman and Committee,

Steve Vetter District 18 Grand Forks along the Red River to Manvel.

In my private life I'm a Certified Residential Appraiser. I serve on the NDAA as a director on the board. Our board and along with the national movement we have made great strides to the appraisal industry. These are some of things we have done.
NDSU program
Supervisor/Trainee
Education

What does 1354 do? It allows ND appraisers to do evaluations for the Banks using their guidelines under federal banking regulations instead of the state appraiser regulations. USPAP Explain.

This bill is a workforce bill is few different ways. Real Estate transactions done in a timely manner are needed for housing purchases for new workers in ND. This bill specifically helps the workforce of newly trained appraisers and to make sure there are enough appraisers in the future especially when/if interest rates drop again.

The rise in interest rates has taken its toll on appraisers new to the industry. The number of appraisers is decreasing and only a limited amount of apprentices.It takes about 3-5 years to get an appraiser trained, licensed and with the requisite amount of experience. If we want enough appraisers in the future we need HB 1354.

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MEMORANDUM

DATE: January 21, 2025

TO: House Industry, Business and Labor Committee

FROM: Lise Kruse, Commissioner

SUBJECT: Neutral Testimony - House Bill No. 1354

Chairman Warrey and members of the House Industry, Business and Labor Committee, thank you for the opportunity to testify on House Bill No. 1354. Our department oversees banks, credit unions and non-bank mortgage lenders. Appraisal rules for financial institutions are set at the federal level. When an appraisal is not required, the financial institution must obtain a property evaluation. Federal rules establishes that anyone can conduct an evaluation, as long as they have expertise, is independent, and capable of rendering an unbiased opinion. The department is neutral to this Bill since it does not contradict or further restrict what is in federal law.

Mr. Chairman, thank you for the opportunity to provide this testimony. I would be happy to answer any questions the Committee may have.

2025 SENATE INDUSTRY AND BUSINESS

HB 1354

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee
Fort Union Room, State Capitol

HB 1354
3/12/2025

A bill relating to the definitions of agency and evaluation, the standards of professional appraisal practice, and appraisal and evaluation guidelines.

10:16 a.m. Chairman Barta opened the hearing.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Klein, Senator Kessel, Senator Enget

Discussion Topics:

- Shortage of appraisers and barrier elimination
- Appraisal apprenticeships and the appraisal system
- Evaluation definition and qualifications for evaluators
- Uniform Standards of Professional Appraisal Practices (USPAP) and definition
- ND Appraisal Association and Federal Banking Regulations
- Financial Institution Reform, Recovery, and Enforcement (FIRREA)
- Restricted use appraisal
- Broker Price Opinion (BPO)
- Federal regulation and the Appraisal Sub Committee
- Low risk loans and the ability to pay them back
- Interest rates and refinancing
- Certified appraisals in bank transactions
- Federal relation and evaluation definition
- Real estate licensing exemptions

10:17 a.m. Representative Dan Ruby, District 38, testified in favor and introduced the bill.

10:29 a.m. Representative Steve Vetter, District 18, testified in favor and submitted testimony #41028.

10:58 a.m. Dean Rylander, Chairman of the Government Affairs Committee of the ND Appraisers Association, testified in favor.

11:16 a.m. Rick Clayburg, President and CEO, ND Banker's Association, testified in opposition.

11:21 a.m. Jill Beck, CEO, ND Association of Realtors, testified in opposition and submitted testimony #40906.

11:27 a.m. Kayla Effertz Kleven, Real Estate Valuations Advocacy Association, testified in opposition and submitted testimony #41030.

11:29 a.m. Brittney Roehrich, CEO ND Association of Builders, testified in opposition and submitted testimony #40787.

11:31 a.m. Lise Kruse, Commissioner for the ND Department of Financial Institutions, testified in neutral.

11:35 a.m. Corey Kost, Chairman of the ND Appraiser Board, testified in neutral.

11:42 a.m. Matt Menge, General Council for the Real Estate Board and the Department of Financial Institutions, discussed a timeline.

Additional written testimony:

Wade Becker, President, ND Appraisers Association, submitted testimony #39565 in favor.

Shawn Ostlie, Government Affairs, NDAR, submitted testimony #40914 in favor.

11:43 a.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

NDAA
North Dakota Appraisers Association

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,

Wade Becker
President
North Dakota Appraisers Association
701-751-4496
wade@boulderappraisal.com
www.ndappraisers.org

North Dakota Association of Builders

The North Dakota Association of Builders represents the professional building industry through legislation, information and education.

March 12, 2025

Testimony in Opposition to HB 1354
Industry and Business Committee
Chairman Jeff Barta

Chairman Barta and Members of the Senate Industry and Business Committee,

My name is Brittney Roehrich and I'm the Chief Executive Officer for the North Dakota Association of Builders (NDAB). NDAB represents the professional building industry through legislation, information and education with 1,400 members statewide. We are also chartered with the National Association of Home Builders (NAHB). On behalf of NDAB, I submit this testimony in **opposition** to House Bill 1354.

As currently written, NDAB is opposed to HB 1354. Our concern is the lack of clarity as to who can provide evaluations. Currently, licensed real estate agents provide broker price opinions (BPOs) or valuations on real estate requested by lending institutions, builders, and consumers. HB 1354 would allow appraisers to go beyond the Uniform Standards of Professional Appraisal Practices to perform evaluations. Our first concern is that appraisers will now spend more time doing evaluations rather than doing appraisals. Our second concern is that real estate agents will no longer be allowed to do valuations or BPOs.

However, we support the suggested amendments provided by the North Dakota Association of Realtors. These amendments would provide clarity by referring to federal guidelines regarding evaluations which allow licensed real estate agents and others to continue to perform evaluations, valuations, and BPOs. We recognize the amendments do allow appraisers to do evaluations but agree the compromise for clarity is worth it.

In conclusion, the North Dakota Association of Builders urges the committee to **amend** House Bill 1354 with the amendments suggested by North Dakota Association of Realtors. NDAB could then support HB 1354.

Thank you for your consideration, and we look forward to working together to build a stronger, more resilient housing market for our state.

Respectfully submitted,

Brittney Roehrich, *Chief Executive Officer*
North Dakota Association of Builders
brittney@ndbuild.com

North Dakota Association of REALTORS®

To advocate for the success of our members in partnership with our local Associations and the National Association of REALTORS®

March 11, 2025

Testimony in Opposition of HB 1354

Chairman Barta
Senate Industry and Business Committee
North Dakota Senate
600 East Boulevard Avenue
Bismarck, ND 58505

Chairman Barta and Members of the Senate Industry and Business Committee, for the record my name is Jill Beck, and I am the CEO representing the North Dakota Association of REALTORS® (NDAR).

The North Dakota Association of REALTORS® membership is made up of more than 2,200 REALTORS® and more than 250 Business Partner members.

We oppose this bill in its current form but are offering two section amendments which would move us to a support position. Please note that we shared this and visited with the North Dakota Appraisal Association and had hoped to come to a compromise. They did inform us that some of this information was in the original bill, but the Legislative Council had it removed.

Real estate licensees can not and do not preform appraisals but do what is known as Brokers Price Opinions (BPOs) when requested which is a different work product. In a past session when a similar bill was brought forward, I was sent an email from a member of the appraisal industry leadership stating their takeaway is that anyone who directly or indirectly conducts this business without a permit is guilty of a class A misdemeanor and that would include REALTORS® giving value. Our industry is aware that we can do Brokers Price Opinions (BPOs), and we do not reference them as appraisals or value. This is clarified in law and with the North Dakota Financial Institutions. While I do not know how many BPOs are being done by our REALTOR® members we do not want to jeopardize the ability for them to do them.

We would like to recommend the following two amendments with the new language in yellow:

~~9.~~ 10. "Board" means the North Dakota real estate appraiser qualifications and ethics board. The certification and licensing provisions of this chapter shall not apply to transactions exempted from the requirements of Title XI of the Financial Institutions Recovery, Reform, and Enforcement Act of 1989.

We would like this language added to ensure that real estate licensees and the other exemptions can remain. The ND Appraisal Association had proposed to us to change this to

1616 Capitol Way | Bismarck, ND 58501
office: 701-355-1010 | **toll free**: 800-279-2361
info@ndrealtors.com | www.ndrealtors.com

REALTOR®

Interagency Appraisal and Evaluation Guidelines under Appendix A (Appraisal Exemptions) but after legal review and consultation we prefer our language as it is enforceable and not just guidance.

Section 14 we both have agreed to this change:

14. "Evaluation" means an estimate of the value of real property, **made in accordance with the federal Interagency Evaluation Guidelines**, for use in a federally related real estate financial transaction for which an appraisal is not required by federal law.

I am not a practitioner and can not answer any questions in regards to process of BPOs but have several members in attendance today who could.

We urge a DO NOT PASS on House Bill 1354 in its current form and request consideration of the above mentioned amendments.

My contact info is below if you have any further questions.

Jill Beck, CEO
North Dakota Association of REALTORS®
Jill@ndrealtors.com
701-355-1010

March 11, 2025

Testimony in Support to HB 1354 if amended
Industry and Business Committee
Chairman Jeff Barta

Chairman Barta and Members of the Senate Industry and Business Committee,

My name is Shawn Ostlie and I am a past president for the North Dakota Association of Realtors, a current member of the NDAR Govt Affairs Committee, and current chair of the Fargo Moorhead Area Association of Realtors Government Affairs Committee.

I am testifying in support of HB 1354 with amendments as provided by NDAR. I believe that as amended this bill will accomplish what all parties are trying to accomplish, which is Realtors and Appraisers are both allowed to do evaluations in accordance with federal code.

If HB1354 stays in its current form or is amended further we would have to remain standing in opposition until we can process any further changes.

Shawn Ostlie

FMAAR Govt Affairs Chair

Legislative Assembly

North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Representative Steve Vetter
District 18
804 South 17th Street
Grand Forks, ND 58201-4241
smvetter@ndlegis.gov

COMMITTEES:
Judiciary (Vice Chair)
Government and Veterans Affairs

Chairman Barta and Committee,

Steve Vetter District 18 Grand Forks along the Red River to Manvel.

In my private life I'm a Certified Residential Appraiser. I serve on the NDAA as a director on the board. Our board and along with the national movement we have made great strides to the appraisal industry. These are some of things we have done.
NDSU program
Supervisor/Trainee
Education

What does 1354 do? It allows ND appraisers to do evaluations for the Banks using their guidelines under federal banking regulations instead of the state appraiser regulations. USPAP Explain.

This bill is a workforce bill is few different ways. Real Estate transactions done in a timely manner are needed for housing purchases for new workers in ND. This bill specifically helps the workforce of newly trained appraisers and to make sure there are enough appraisers in the future especially when/if interest rates drop again.

The rise in interest rates has taken its toll on appraisers new to the industry. The number of appraisers is decreasing and only a limited number of apprentices. It takes about 3-5 years to get an appraiser trained, licensed and with the requisite amount of experience. If we want enough appraisers in the future, we need HB 1346.

Senators, I would ask for a Do Pass recommendation, and I will stand for questions.

Opposition to HB 1354

Testimony in support of amendments to HB 1354
Senate Industry & Business Committee
March 12, 2025

Good morning Chair Barta and members of the Industry and Business Committee,

The following comments are on behalf of the Real Estate Valuations Advocacy Association (REVAA), a trade association representing state regulated appraisal management companies (or AMC). Our members work with bank and non-bank lenders across the country and here in North Dakota to facilitate residential property valuations including evaluations, Broker Price Opinions, Property Data Collection and appraisals.

Evaluations, as defined by federal guidelines, are an important residential valuation product that lenders and AMCs provide with the help of appraisers, realtors and other qualified professionals in compliance with federal requirements when an appraisal is not required.

HB 1354 is important in that it attempts to clarify who can perform an evaluation and adds an exemption to allow North Dakota appraisers to perform evaluations outside of the Uniform Standards of Appraisal Practice. Clarity on who may perform an evaluation is important as there are currently differing interpretations on whether the state is following minimum federal guidelines for evaluation or is more restrictive as to who can perform an evaluation in North Dakota. As a result, today AMCs are following the more restrictive Real Estate Appraiser Board's interpretation that prohibits AMCs from working with non-appraisers such as North Dakota Realtors to perform an evaluation.

REVAA supports the intention in the proposed amendments in HB 1354 to provide clarity and ensure appraisers can perform evaluations along with realtors and others. We believe the text amendments adopted should be consistent with federal minimum requirements to ensure state compliance and avoid confusion.

Respectfully submitted,

Mark Schiffman, Executive Director for REVAA

Kayla Effertz Kleven, lobbyist #160

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee
Fort Union Room, State Capitol

HB 1354
3/19/2025

A bill relating to the definitions of agency and evaluation, the standards of professional appraisal practice, and appraisal and evaluation guidelines.

10:20 a.m. Chairman Barta opened the hearing.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Klein, Senator Kessel, Senator Enget

Discussion Topics:

- Concerns regarding proposed amendments
- Definition of appraisal and exclusion of evaluation
- Real estate and real property valuation
- Consistency in language

10:21 a.m. Matt Mangy, General Counsel, Department of Financial Institutions, answered the committee's questions.

10:27 a.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee
Fort Union Room, State Capitol

HB 1354
3/24/2025

A bill relating to the definitions of agency and evaluation, the standards of professional appraisal practice, and appraisal and evaluation guidelines.

10:40 a.m. Chairman Barta opened the hearing.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Klein, Senator Kessel, Senator Enget

Discussion Topics:

- Language changes regarding exemptions
- Definition of real property
- Evaluations as referred to appraisals
- Statutory authority
- Definition of appraisal

10:42 a.m. Matt Menge, Assistant Attorney General, answered the committee's questions.

10:54 a.m. Senator Klein moved to adopt Amendment LC# 25.1077.01002.

10:54 a.m. Senator Boehm seconded the motion.

Senators	Vote
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Mark Enget	Y
Senator Greg Kessel	Y
Senator Jerry Klein	Y

Motion passed 5-0-0.

10:55 a.m. Senator Klein moved a Do Pass As Amended.

10:55 a.m. Senator Kessel seconded the motion.

Senators	Vote
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Mark Enget	Y
Senator Greg Kessel	Y
Senator Jerry Klein	Y

Motion passed 5-0-0.

Senator Barta will carry the bill.

10:58 a.m. Chairman Barta adjourned the meeting.

Audrey Oswald, Committee Clerk

CO
3/24/25
1 of 5

25.1077.01002
Title.02000

Prepared by the Legislative Council staff for Senator Barta
March 21, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1354

Introduced by

Representatives D. Ruby, Swiontek, Wolff, Vetter

Senators Barta, Meyer, Thomas

A BILL for an Act to create and enact a new section to chapter 43-23.3 of the North Dakota Century Code, relating to evaluations conducted by appraisers; and to amend and reenact sections 43-23.3-01, 43-23.3-04, and 43-23.3-18 of the North Dakota Century Code, relating to the definitions of agency and evaluation, an exemption from appraisal permit requirements, and the standards of professional appraisal practice~~, and appraisal and evaluation guidelines~~.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 43-23.3-01 of the North Dakota Century Code is amended and reenacted as follows:

43-23.3-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Agency" means the:
   a. Board of governors of the federal reserve system;
   b. Consumer financial protection bureau;
   c. Farm credit administration;
   ~~c.~~d. Federal deposit insurance corporation;
   ~~d.~~e. National credit union administration;
   ~~e.~~f. Office of the comptroller of the currency; and
   ~~f.~~g. State financial regulator.
2. "Analysis" means a study of real estate other than estimating value.

~~2.~~3. "Appraisal" means an analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, real estate. An appraisal may be classified by subject matter into either a valuation or an analysis. The term does not include an evaluation.

~~3.~~4. "Appraisal assignment" means an engagement for which a person is employed or retained to act, or would be perceived by the public as acting, as a disinterested party in rendering an unbiased supportable appraisal.

~~4.~~5. "Appraisal foundation" means the appraisal foundation incorporated as an Illinois corporation on November 30, 1987.

~~5.~~6. "Appraisal report" means any communication of an appraisal.

~~6.~~7. "Appraisal subcommittee" means the appraisal subcommittee of the federal financial institutions examination council.

~~7.~~8. "Appraiser" means a person who engages in appraisal activity for valuable consideration.

~~8.~~9. "Apprentice appraiser" means a person who holds a valid permit as an apprentice appraiser.

~~9.~~10. "Board" means the North Dakota real estate appraiser qualifications and ethics board.

~~10.~~11. "Certified appraiser" means a person who holds a valid permit as a certified residential or general appraiser.

~~11.~~12. "Certified general appraiser" means a person who holds a valid permit as a certified general appraiser.

~~12.~~13. "Certified residential appraiser" means a person who holds a valid permit as a certified residential appraiser.

14. "Evaluation" means an estimate of the value of real property and real estate made in accordance with title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 [Pub. L. 101-73, 103 Stat. 183] and provided to an entity regulated by an agency for use in a ~~federally related~~ real estate-related financial transaction for which an appraisal is not required by federal law.

~~13.~~15. "Licensed appraiser" means a person who holds a valid permit as a licensed appraiser.

~~14.~~16. "Permit" means the document issued by the board, verifying that the person named on the permit has fulfilled all prerequisites to practice either as an apprentice appraiser, a licensed appraiser, or a certified appraiser.

~~15.~~17. "Real estate" means an identified parcel or tract of land including improvements, ~~and interests, benefits, and rights inherent in the ownership of real estate~~if any.

~~16.~~18. "Real property" means one or more defined interests, benefits, and rights inherent in the ownership of real estate.

19. "Uniform standards of professional appraisal ~~practices~~practice" means standards of appraisal promulgated by the appraisal standards board of the appraisal foundation as adopted by the board.

~~17.~~~~19.~~20. "Valuation" means an estimate of the value of real estate or real property.

SECTION 2. AMENDMENT. Section 43-23.3-04 of the North Dakota Century Code is amended and reenacted as follows:

43-23.3-04. Permit required - Exemptions.

1. Except as provided in this section, a person may not directly or indirectly engage in, advertise, conduct the business of, or act in any capacity as an apprentice, licensed, or certified appraiser without first obtaining a permit as provided in this chapter.
2. An appraiser~~,~~ that is apprenticed, licensed, or certified in another state may not engage in, advertise, conduct the business of, or act in any capacity as an appraiser in this state without first obtaining a temporary permit under section 43-23.3-11 or a permit under section 43-23.3-04.1.
3. This chapter does not apply to ~~a~~:
   a. A licensed real estate broker or salesperson who, in the ordinary course of business, gives an opinion to a potential seller or third party as to the recommended listing price of real estate or an opinion to a potential purchaser or third party as to the recommended purchase price of real estate. However, the opinion as to the listing price or the purchase price may not be referred to as an appraisal.

~~4. This chapter does not apply to a~~

   b. A person who, in the ordinary course of business, gives an opinion of the value of real estate to that person's employer.

~~5. This chapter does not apply to a~~

c. A person employed by the Bank of North Dakota when providing evaluations or reviews of appraisals for federally insured depository institutions under federal financial institution regulatory agency appraisal exemptions.

d. A person, who is not an apprentice, licensed, or certified appraiser, who prepares or provides an evaluation.

SECTION 3. AMENDMENT. Section 43-23.3-18 of the North Dakota Century Code is amended and reenacted as follows:

43-23.3-18. Standards of professional appraisal practice - Exception ~~- Appraisal and evaluation guidelines~~.

~~1.~~ An apprentice, licensed, or certified appraiser shall~~:~~

~~a.~~ ~~Shall~~ comply with the standards of professional appraisal practice and ethical rules specified by the uniform standards of professional appraisal practice and all other standards and ethical requirements adopted by the appraisal standards board of the appraisal foundation, except as authorized under ~~subdivision b~~section 4 of this Act.

~~b. May provide an evaluation to an institution regulated by an agency without complying with the uniform standards of professional appraisal practice. An evaluation must:~~

~~(1) Comply with the most current evaluation guidelines issued by an agency; and~~

~~(2) Be conspicuously identified as an evaluation.~~

SECTION 4. A new section to chapter 43-23.3 of the North Dakota Century Code is created and enacted as follows:

Evaluation by appraiser.

1. An apprentice, licensed, or certified appraiser may provide an evaluation if the evaluation is permitted by law, regulation, or regulatory guidelines. An evaluation performed by an appraiser under this section must be conducted in accordance with federal and state laws and rules, regulatory guidelines, and title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 [Pub. L. 101-73, 103 Stat.183].

2. An evaluation prepared or provided by an appraiser under this section must be identified conspicuously as an evaluation and not an appraisal.

REPORT OF STANDING COMMITTEE
HB 1354

Industry and Business Committee (Sen. Barta, Chairman) recommends **AMENDMENTS (25.1077.01002)** and when so amended, recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). HB 1354 was placed on the Sixth order on the calendar. This bill does not affect workforce development.