ARTICLE 101-05
APPRAISAL MANAGEMENT COMPANIES

Chapter
101-05-01 Appraisal Management Companies

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101-05-01-01. Statutory definitions.

Unless otherwise defined, or made inappropriate by context, all terms are defined in North Dakota Century Code chapters 43-23.3 and 43-23.5.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-02

101-05-01-02. Registration application requirements.

1. An applicant for registration as an appraisal management company and an entity that is exempt from the state registration requirements, but is subject to the federal registry if the federal government requires, must submit a written application on the prescribed form. The application shall include the following information and certifications in addition to the requirements found in North Dakota Century Code chapter 43-23.5:

   a. The name, business address, telephone number, and email address of the person or entity seeking registration.

   b. Designation of an agent for service of process within the state and an irrevocable uniform consent to service of process.

   c. If the entity is not a corporation that is domiciled in this state, the name and contact information for the company's agent for service of process in this state.

d. The name, address, and contact information for any individual or entity owning ten percent or more of the appraisal management company.

e. The name, address, and contact information for an individual designated as the controlling person.

f. Name and contact information of each individual authorized by the appraisal management company to contract with clients or independent appraisers for performance of appraisals.

g. Certification that the controlling person had never been convicted of a criminal act involving moral turpitude nor had a license or certificate to act as an appraiser refused, revoked, or surrendered in lieu of disciplinary action in any state, unless such license or certificate was not declined, revoked, or suspended, for a substantive cause and has been reinstated by the state or states in which the individual was licensed or certified, substantive cause to be determine by the board.

h. Certification that the appraisal management company is not owned in whole or in part, directly or indirectly, by an individual who has had an appraiser license or certificate denied, revoked, or suspended subject to a disciplinary proceeding in any state.

2. An application for registration must be accompanied by the registration fee plus the applicable national registry fee.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-03, 43-23.5-04, 43-23.5-05, 43-23.5-06, 43-23.5-08, 43-23.5-09, 43-23.5-10; 12 USC 3353, 12 CFR 1102.403

101-05-01-03. Term of registration.

The board shall issue a certificate of registration to an applicant who qualifies in accordance with this article. Any registration issued under this article expires on September thirtieth of each year, unless otherwise revoked or suspended during said term.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-06

101-05-01-04. Surety bond.

The applicant shall provide evidence of a surety bond with one or more corporate sureties authorized to do business in this state or an irrevocable letter of credit issued by an insured institution in the amount of twenty-five thousand dollars at the time of application.

1. The surety bond, subject to investigation or review by a court of record, must be conditioned that the applicant pays:

   a. All amounts owing to persons who perform real estate appraisal services for the appraisal management company.

   b. All amounts adjudged against the appraisal management company by reason of negligent or improper real estate appraisal services or appraisal management services or breach of contract in performing real estate appraisal services or appraisal management services.

c. Amounts owed to the board for national registry fees, initial registration and annual renewal fees, late filing fees, and change of information fees.

2. The surety bond must require the surety company to provide written notice to the board by registered or certified mail at least thirty days before the surety company cancels or revokes the bond, and within thirty days after the surety company pays for a loss under the bond.

3. The surety bond required by this section must be continuously on file with the board in the amount of twenty-five thousand dollars and is for the exclusive purpose of payment of the obligations listed in subsection 1. Upon termination or cancellation of the bond or reduction of the bond amount to less than twenty-five thousand dollars, a registered appraisal management company alternatively shall:

   a. File a replacement bond within the time period established by the board by rule; or

   b. Surrender the company's registration to the board and cease operating as an appraisal management company.

4. Any person damaged by an appraisal management company's failure to pay an obligation listed in subsection 1 of this section has a right of action against the bond.

5. Termination or cancellation of the surety bond does not terminate, cancel, or limit the liability of the issuer of the surety bond or letter of credit for any and all claims against the surety bond to satisfy a final order of a court of competent jurisdiction in an action that was commenced prior to the cancellation of the surety bond.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-19; 12 CFR 1102.403

101-05-01-05. Roster of appraisal management companies.

The board shall maintain a roster of appraisal management companies registered under the provisions of this article. The board shall transmit the roster to the appraisal subcommittee. The roster shall include investigations initiated and disciplinary actions taken.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-18; 12 USC 3338

101-05-01-06. Notice of change of address.

Each appraisal management company registered under the provisions of this article shall, within thirty calendar days, give written notice of any change of physical and mailing address, change of company name, telephone number, website, facsimile, or email address to the board office.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-18

101-05-01-07. Notice of change of designated officer.

Each appraisal management company registered under the provisions of this article shall, within fifteen days, give written notice of change of designated officer of the appraisal management company, as required under subsection 6 of section 101-05-01-15, to the board office.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02

Law Implemented: NDCC 43-23.5-05, 43-23.5-09

101-05-01-08. Notice of change of controlling person.

Each appraisal management company registered under the provisions of this article shall, within thirty calendar days, give written notice of change of controlling person of the appraisal management company to the board office.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-09

101-05-01-09. Denial of registration.

1. An appraisal management company denied registration shall be notified in writing by the board of such denial and the reasons therefore.

2. Such applicant may request an informal meeting with the board to reconsider such denial at its next scheduled meeting. Such request must be sent to the board office within thirty calendar days of the date of the notice of denial.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 28-32-21, 28-32-22, 43-23.5-03, 43-23.5-04, 43-23.5-22

101-05-01-10. Registration renewal.

1. To obtain renewal of a registration, the holder of a current, valid registration must make application on the prescribed form no later than sixty calendar days prior to the expiration of the registration.

2. An application for renewal must be accompanied by the registration renewal fee plus the applicable national registry fee.

3. Failure to renew a registration prior to expiration will result in the loss of authority to operate as an appraisal management company in North Dakota until a request for reinstatement has been approved by the board. A late filing fee will be assessed for each month, or portion thereof, that elapses between expiration and reinstatement. Late filing fees and any national registry fee assessed by the board must be paid prior to reinstatement in addition to the annual renewal fees.

4. A registered appraisal management company may renew an expired registration at any time prior to three months after its date of expiration by satisfying all of the requirements for renewal, including paying the annual renewal and late filing fees prescribed in section 101-05-01-12.

5. Payment of annual renewal or late filing fees does not excuse a registrant from disciplinary action or criminal penalties for operating in violation of North Dakota Century Code section 43-23.5-03.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-04, 43-23.5-06; 12 CFR 1102.403

101-05-01-11. Federal appraiser registry.

Registrants who are qualified for enrollment in the federal roster or registry of appraisal management companies must apply for enrollment or reinstatement of such enrollment in same upon a

form approved by the board accompanied by the fee established for that purpose by the appropriate federal agency or instrumentality.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-07, 43-23.5-18; 12 USC 3341, 12 USC 3346, 12 USC 3353, 12 CFR 1102.403

101-05-01-12. Filing fees.

Fees will not be prorated.

1. The following application fees, and the national registry fee if the federal government requires, will be charged for an appraisal management company that is subject to registration under North Dakota Century Code chapter 43-23.5:

a.	Initial registration fee	$2,500 + national registry fee
b.	Annual renewal fee	$2,000 + national registry fee
c.	Late filing fee	$100 per month
d.	Change of information	$25

2. If required by federal law, the board may collect the following fees, as well as any information the state is required to collect and submit to the appraisal subcommittee, from each appraisal management company that is exempt from registration under North Dakota Century Code chapter 43-23.5:

a.	Administrative fee	$500 + national registry fee
b.	Late filing fee	$100 per month
c.	Change of information fee	$25

The administrative fee may be waived if the federal government provides funding to the board for this function.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-04, 43-23.5-19; 12 USC 3346, 12 CFR 1102.403

101-05-01-13. Refund of fees.

Each fee is nonrefundable.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-04, 43-23.5-19

101-05-01-14. Payment of fees.

Checks given to the board in payment of fees which are returned unpaid may be considered cause for denial, suspension, or revocation.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-04, 43-23.5-19, 43-23.5-22

101-05-01-15. Responsibilities and duties.

An appraisal management company registered under the provisions of this article shall:

1. Have a system in place to verify that utilized appraisers are licensed or certified and in good standing by this state.

2. Require each utilized appraiser who performs appraisals in this state to be independent from the transaction and certify in writing the area of geographic competency and the specific appraisal assignments competent to appraise.

3. Have a system in place to review the work of utilized appraisers who perform appraisal services to validate that the services were conducted in conformity with the uniform standards of professional appraisal practice.

4. Have a system in place to verify that any employee or independent contractor the appraisal management company utilizes to perform an appraisal review on a completed appraisal on property located in North Dakota, be licensed or certified with the same or higher qualifications required to perform the appraisal being reviewed, and holding a permit in good standing in North Dakota.

5. File a referral with the board if there is evidence that a utilized appraiser is in violation of the laws, rules, or uniform standards of professional appraisal practice, including grounds for disciplinary action as prescribed in North Dakota Century Code section 43-23.5-22.

6. Authorize a designated officer, who will be responsible for accepting the responsibilities for compliance with North Dakota Century Code chapter 43-23.5 and the provisions of this article, and notify the board office, within fifteen calendar days, of any change in its designated officer.

7. Maintain with the board the name and address of a registered agent for service of process, and notify the board office, within fifteen calendar days, of any change to the information.

8. Disclose to its client the actual fees paid to an appraiser for appraisal services, separate from any other fees or charges for appraisal management services, and make the information available to the board office upon request.

9. Disclose its registration number within its engagement document with each utilized appraiser.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-11, 43-23.5-12, 43-23.5-13, 43-23.5-14, 43-23.5-16, 43-23.5-17, 43-23.5-18, 43-23.5-20; 12 USC 3353, 12 CFR 1102.403

101-05-01-16. Retention of records.

An appraisal management company registered under the provisions of this article shall retain the following records:

1. A detailed record of each service request that it receives for appraisals of real property located in North Dakota, which shall include, the following:

   a. Letter of engagement with the utilized appraiser.

   b. Appraisal report received from the utilized appraiser, including the original report, any revised reports, and any addenda or other material furnished subsequent to the delivery of the original report.

c. Any and all material assignment-related correspondence sent to and received from the utilized appraiser.

d. Letter of engagement with the utilized reviewing appraiser for the purpose of reviewing the requested appraisal, if applicable.

e. Records related to the review of the requested appraisal, if applicable, including the original review report, any and all correspondence sent to and received from the utilized reviewing appraiser, and each subsequent revised review report.

f. Requests received from the client, all documentation supplied to that client, and any and all material correspondence sent to and received from the client.

g. Fees paid to utilized appraisers and the fees received from the client.

2. Records must be retained for the period required by North Dakota Century Code section 43-23.5-15. Records may be retained as a photocopy or electronic copy type of media.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-15

101-05-01-17. Inspection and copying.

An appraisal management company registered under the provisions of this article shall make all records required to be maintained or records deemed to be pertinent to an investigation of a complaint under this article available for inspection and copying upon request of the board. It is the duty of the registrant to provide requested records at no expense to the board.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-15

101-05-01-18. Complaints and investigations.

The board shall, upon written and signed complaint or referral, or may, upon the board's own motion, initiate an investigation of any registration holder or applicant for registration.

History: Effective January 1, 2018.
General Authority: NDCC 43-23.5-02
Law Implemented: NDCC 43-23.5-21, 43-23.5-22; 12 USC 3347