

Introduced by

Industry, Business and Labor Committee

(At the request of the North Dakota Real Estate Appraiser Qualifications and Ethics Board)

1 A BILL for an Act to amend and reenact sections 43-23.5-07, 43-23.5-08, and 43-23.5-12 of the
2 North Dakota Century Code, relating to appraisal management companies.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 43-23.5-07 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **43-23.5-07. Exemptions.**

7 The provisions of this chapter ~~shall~~do not apply to:

- 8 1. An appraisal firm.
- 9 2. A financial institution, including a department or unit within the institution, that is
10 regulated by an agency of this state or the United States government.
- 11 3. A person ~~who~~that enters an agreement with an appraiser for the performance of an
12 appraisal that upon completion results in a report signed by both the appraiser who
13 completed the appraisal and the appraiser who requested completion of the appraisal.
- 14 4. An appraisal management company with an appraisal panel of ~~not more~~fewer than
15 ~~fifteen~~sixteen certified or licensed appraisers in this state or fewer than twenty-five or
16 ~~more~~ nationally within a given year.
- 17 5. An appraisal management company that is a subsidiary owned and controlled by a
18 financial institution that is subject to appraisal independence standards at least as
19 stringent as those under chapter 43-23.5-21, if regulated by an agency of this state, or
20 the Truth in Lending Act [15 U.S.C. 1601 et seq.], if regulated by the United States
21 government.

22 **SECTION 2. AMENDMENT.** Section 43-23.5-08 of the North Dakota Century Code is
23 amended and reenacted as follows:

1 **43-23.5-08. Owner requirements.**

2 1. An appraisal management company applying for, holding, or renewing a registration
3 under this chapter shall ~~may~~ not be ~~more than ten percent~~ owned by:

4 a. ~~A person~~An individual who has had an appraiser license or certification in this
5 state or in any other state refused, denied, canceled, revoked, or surrendered
6 in lieu of a pending disciplinary proceeding in any jurisdiction and not
7 subsequently granted or reinstated.

8 b. An entity that is ~~more than ten percent~~ owned by any ~~person~~individual who has
9 had an appraiser license or certification in this state or any other state refused,
10 denied, canceled, revoked, or surrendered in lieu of a pending disciplinary
11 proceeding in any jurisdiction and not subsequently granted or reinstated.

12 2. Each person that owns more than ten percent of an appraisal management company
13 applying for, holding, or renewing a registration under this chapter shall:

14 a. ~~Be~~Must be of good moral character.

15 b. ~~Submit~~Shall submit to a criminal background investigation for an initial application
16 or as required by the board.

17 3. Each appraisal management company applying for a registration or for renewal of a
18 registration under this chapter shall certify to the board on a form prescribed by the
19 board that the company has reviewed each entity that owns ~~more than ten percent of~~
20 the appraisal management company and that no entity that owns ~~more than ten~~
21 ~~percent of~~ the appraisal management company is ~~more than ten percent~~ owned by
22 any person that has had an appraiser license or certification in this state or any other
23 state refused, denied, canceled, revoked, or surrendered in lieu of a pending
24 disciplinary proceeding in any jurisdiction and not subsequently granted or reinstated.

25 **SECTION 3. AMENDMENT.** Section 43-23.5-12 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **43-23.5-12. Appraisal review.**

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

30 1. A certified or licensed appraiser in good standing in this state; or

31 2. A certified or licensed appraiser in good standing in another state.