

HOUSE BILL NO. 1166

SENATE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE

Testimony

Corey Kost, Vice Chair

NORTH DAKOTA REAL ESTATE APPRAISER QUALIFICATIONS AND ETHICS BOARD

March 12, 2021

Mr. Chairman, members of the committee, my name is Corey Kost and I am vice-chair of the North Dakota Real Estate Appraiser Qualifications and Ethics Board. I am appearing on behalf of the Board to request that the Appraiser Board be exempt from the application of this Bill. While the Board supports the Bill's intent, its application to the Appraiser Board is problematic.

The Appraiser Board is unique in that the Board's appraiser and appraiser management company programs are monitored at the federal level by the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC). Statutes and rules that are consistent with ASC requirements for compliance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) as amended by the Dodd-Frank Act must be in place or the State's programs will be non-compliant. If the ASC derecognizes a state's appraiser regulatory program, all licensed appraisers from that state would then be prohibited from performing appraisals in conjunction with federally related transactions (FRT). Further, entities such as Fannie Mae link their appraiser requirements to Title XI, requiring lenders to use appraisers that are licensed in accordance with its provisions. Appraisers in a derecognized state would then also not qualify to perform appraisals for Fannie Mae, a leading source of mortgage financing. Therefore, many loans requiring appraisals could not be made, upsetting our financial system's ability to efficiently operate.

As currently written, the Board has concerns that complying with the language in HB 1166 would jeopardize the appraiser program's compliance with the federal law, as promulgated by the ASC. Specifically, 43-51-11.1 1 a and 43-51-12.1 2 a require the Board to issue a license to a military spouse or foreign practitioner who is a state resident with experience in two of the four years preceding the date of application. The ASC's attorney advised the Board that simply demonstrating competency as an appraiser for two years is incompatible with their Criteria as there is no substitute for experience as defined by the Criteria. The Appraiser Board already has a reciprocal license statute (NDCC 43-23.3-04.1) that is consistent with ASC requirements from which we cannot deviate while maintaining compliance. In North Dakota, applying through reciprocity is a simple process open to either a resident or non-resident licensed in another state. The current appraiser statute then already meets and even exceeds the goals of this Bill.

In closing, the Appraiser Board requests exemption from this Bill to assure North Dakota's appraiser program maintains its federal compliance so our state's financial system continues to function as intended. Proposed amendments to the Bill are included in the written testimony. That concludes my testimony and I would stand for any questions.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1166

Page 1, line 4, after the semicolon add “to amend and reenact subsection 6 of section 43-51-11.1 and subsection 2 of section 43-51-11.2, relating to occupational licensing of military spouses;”

Page 3, lines 21-22, remove “North Dakota real estate appraiser qualifications and ethics board.”

Page 4, lines 4-5, remove “North Dakota real estate appraiser qualifications and ethics board.”

Page 4, line 5, insert:

“SECTION 4. AMENDMENT. Subsection 6 of section 43-51-11.1 is amended and reenacted as follows:

6. For purposes of this section, the term "board" includes the state board of accountancy, state electrical board, ~~North Dakota real estate appraiser qualifications and ethics board~~, state real estate commission, secretary of state with respect to contractor licensing, North Dakota board of medicine, and state board of dental examiners.

SECTION 5. AMENDMENT. Subsection 2 of section 43-51-11.2 is amended and reenacted as follows:

2. For purposes of this section, the term "board" includes the state board of accountancy, state electrical board, ~~North Dakota real estate appraiser qualifications and ethics board~~, state real estate commission, secretary of state with respect to contractor licensing, North Dakota board of medicine, and state board of dental examiners.”

Renumber accordingly