



Office of the Governor



April 10, 2019

Appraisal Subcommittee
James R. Park, Executive Director
1325 G Street, N.W., Suite 500
Washington, DC 20005

RE: Temporary Waiver Request, 12 CFR Part 1102, Subpart A

Dear Executive Director Park:

Please accept this response to your September 7, 2018, letter requesting clarification and additional information to our August 1, 2018, submission. Specifically, you request confirmation of the relief being sought is within the Appraisal Subcommittee (ASC) statutory authority, additional documentation of the scarcity of appraisers in markets throughout the State, and documentation relating to significant delays caused by this scarcity.

Confirmation of Request

Section 1119(b) of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI) gives the ASC authority to waive any requirement relating to the certification or licensing of a person to perform appraisals for federally related transactions. To clarify, our August 1, 2018, request is for the ASC to use its authority to waive the requirement of appraiser *credentials* for federally related transactions under \$500,000 for 1-4 residential real estate transactions and under \$1,000,000 for agricultural and commercial real estate transactions. Waiving the education and licensing requirements is within ASC's statutory authority granted under Title XI and will result in lenders having the option to have independent Uniform Standards of Professional Appraisal Practice (USPAP)-compliant appraisals conducted by other qualified individuals.

A reminder about the existence of a temporary waiver option was issued in a May 31, 2017, Interagency Advisory on the Availability of Appraisers by the federal bank regulatory agencies¹ and the National Credit Union Administration. **The Advisory suggested the temporary waiver application**

¹ The federal bank regulatory agencies include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency.

process and evaluation would be relatively simple and straightforward. Applicants have found that is not the case.

The ASC now takes the position: "Congress intended that the ASC exercise this waiver authority 'cautiously.'"² In the 30 years since the implementation of Title XI only one temporary waiver has been granted. That record suggests something more akin to denial about the impediments and delays experienced by consumers and lenders, rather than ordinary caution. The concern of a diminishment of the appraiser shortage problem was also expressed by the Senators of North and South Dakota in their May 14, 2018, letter to The Appraisal Foundation (Exhibit 1).

The April 18, 1989, Report of the Senate Committee on Banking, Housing, and Urban Affairs on FIRREA states that the ASC may "waive the requirement to use State certified and licensed appraisers when a shortage of certified or licensed appraisers exists or when compliance with the requirement would create inordinate delays in performing appraisals" (Exhibit 2). Both the Report and Title XI are clear about Congressional intention for a meaningful waiver option to address certified appraiser shortages and delays.

Applicants respectfully contend the word "cautious" does not mean "virtually never" and that protecting consumers from harm is an important, relevant factor to also be considered. As stated in the original request, consumers have been harmed by the lack of appraiser availability in the State of North Dakota; a temporary waiver will help alleviate this problem without jeopardizing the safety and soundness of North Dakota's banks, credit unions, and other regulated mortgage lenders.

Scarcity of Appraisers

Many of the appraisers licensed to do work in North Dakota do not reside in the state or in a border city. Furthermore, there are appraisers dedicated to one organization whom therefore are not available to the various financial institutions. The breakout summary of appraisers in North Dakota is as follows³:

September 17, 2018	Certified General	Certified Residential	Licensed	Total
Total	191	85	30	306
North Dakota only	79	56	26	161
Plus: neighboring border cities MN	5	2	1	8
= ND/MN border total	84	58	27	169
Less: Dedicated to one organization	17	4	1	21
Potentially available in ND	67	54	26	147

² Statement found in "Final Order Denying Temporary Waiver Relief" May 3, 2018
<https://www.federalregister.gov/documents/2018/05/03/2018-09419/final-order-denying-temporary-waiver-relief#citation-6-p19558>

³ Source: ND Real Estate Appraiser Qualifications and Ethics Board <https://ndappraiserboard.org/appraisers--rosters.html>. Also see Exhibit 3-5 for detail.

As of February 9, 2019, Certified Residential and Licensed Appraisers were further reduced by one each.

Of the 147 total appraisers, two thirds reside within one of North Dakota's three Metropolitan Statistical Areas (MSAs)⁴. As a result, rural customers suffer the most from both the scarcity of appraisers and the increased cost of appraisals the further away from a larger city the property is located. Based on the reported experience of our rural financial institutions, the metropolitan areas appear to provide enough work to occupy appraisers, making it unlikely for appraisers to prioritize rural consumers. In addition, many of our institutions report that although they currently have a local appraiser, the appraiser is close to retirement and is therefore limiting the projects he or she is now appraising. As a result, considerable time is spent trying to find someone willing to drive to the rural area to conduct an appraisal.

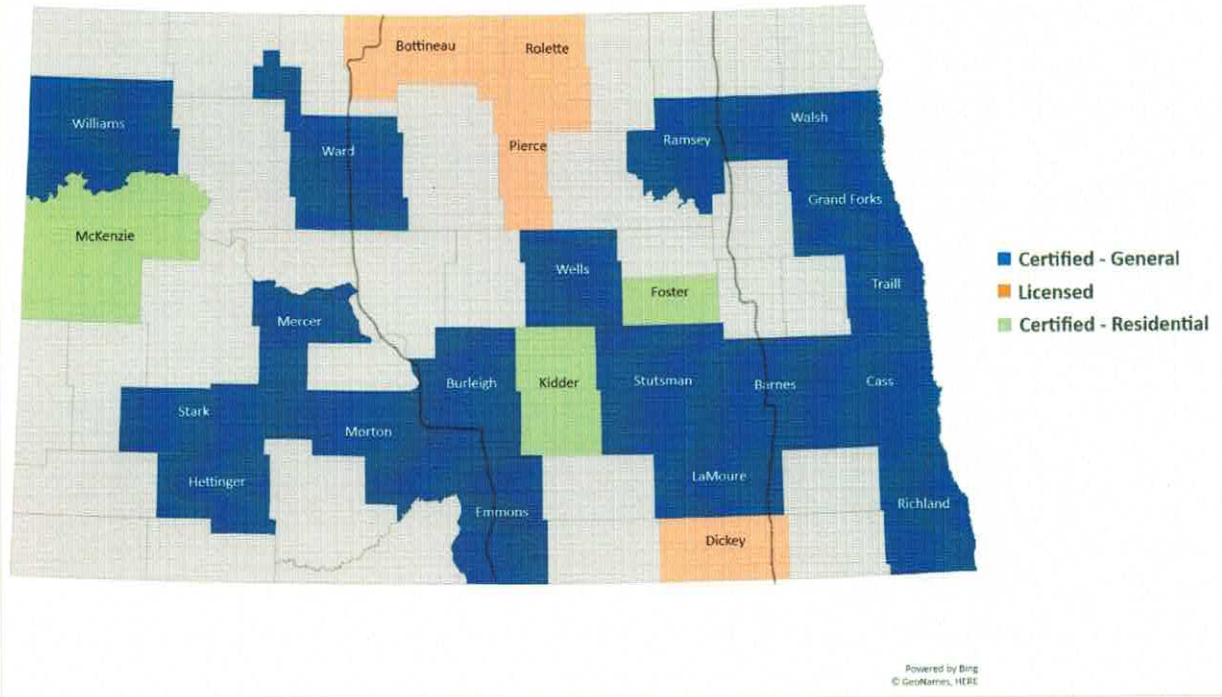
Commercial appraisers are especially scarce. As a result, due to the limited number of appraisers, several institutions report being forced to hire commercial appraisers from out of state. The travel costs associated with an out-of-area appraiser increases the cost of the final product, which is passed on to the consumer.

There are 53 counties in North Dakota. Of these, 29 (55 percent) do not have a single appraiser residing in the county. Four counties do not have certified appraisers, although one or more licensed appraisers reside within these counties. If a waiver is granted, the licensed appraisers could be available to conduct more complex appraisals that normally would require a certified appraiser. This map of the North Dakota counties shows the presence of appraisers⁵:

⁴ The three MSAs in North Dakota are Fargo, ND/Moorhead, MN; Grand Forks, ND/East Grand Forks, MN; and Bismarck/Mandan, ND.

⁵ Source: ND Real Estate Appraiser Qualifications and Ethics Board.

North Dakota Counties with Certified or Licensed Appraisers



Dividing North Dakota into three sections⁶, the numbers of appraisers are as follows:

September 17, 2018	Certified General	Certified Residential	Licensed	Total
West	8	7	2	17
Central	24	19	14	57
East	35	28	10	73

The western part of North Dakota is the area that has experienced a recent economic boom and is also the area most severely affected by the scarcity of appraisers. Only 17 appraisers are available to serve the western part of the state, which is why institutions report that they must engage appraisers from several states away. The city of Williston in Williams County is located 228 miles from Bismarck, the nearest MSA. The Census Bureau estimated Williston’s 2017 population at 25,586. The city has three appraisers: two certified general and one certified residential. Watford City in McKenzie County is located 47 miles south of Williston and has an estimated population of 6,523. Watford City has local access to only one certified residential appraiser. First International Bank & Trust is a regional bank

⁶ The state divided into three sections based on the North Dakota travel guide found here: <http://onlinedigitalpublishing.com/publication/?i=563291&ver=html5&p=136>

headquartered in Watford City with 21 locations across the state. This institution confirms the challenges with appraisals, not only in western North Dakota, but in all the markets they serve. The challenges were articulated in a letter to ASC Chairman Arthur Lindo on August 29, 2018 (Exhibit 6). The city of Dickinson in Stark County has an estimated population of 22,186. A total of seven appraisers are located in Dickinson: three certified general, three certified residential, and one licensed appraiser.

According to Home Mortgage Disclosure Act (HMDA) data, the number of 1-4 family real estate and manufactured housing loans originated in the most populated counties across North Dakota are as follows⁷:

HMDA Residential Real Estate Loans	County Population	2015	2016	2017	Appraisers in County	2017 Loans per Appraiser
West: Williams County	32,916	859	666	656	3	218
West: McKenzie County	11,679	246	263	192	1	192
West: Stark County	30,316	1,028	925	762	7	108
Central: Ward County	69,628	1,755	1,657	1,357	10	135
Central: Burleigh County (MSA)	92,372	3,307	3,519	2,648	31	85
East: Cass County (MSA)	170,620	5,250	5,802	4,668	48	97
East: Grand Forks County (MSA)	70,130	1,693	1,830	1,435	10	143

In a predominantly rural state, the distance these appraisers must travel is significant. Williams County is 2,148 square miles, while Cass County is 1,768 square miles. When appraisers are required to cover multiple counties, much of their time is spent on travel, which limits the number of appraisals they can complete in a given week. The table above indicates two to four appraisals a week per appraiser.

North Dakota has experienced significant economic growth in the last decade. Although there was a slight decrease in real estate transactions in North Dakota due to a now ended slow-down in the energy sector, there is again an increase in new home purchases in the western counties where the scarcity of appraisers is the most prevalent⁸:

HMDA Home Purchases	2015	2016	2017
State of North Dakota	9,104	8,618	8,383
West: Williams County	476	352	438
West: McKenzie County	130	115	135
West: Stark County	520	385	440
Central: Ward County	886	778	735
Central: Burleigh County (MSA)	1,547	1,509	1,409
East: Cass County (MSA)	2,630	2,697	2,573
East: Grand Forks County (MSA)	787	856	752

⁷ HMDA Data is located on the CFPB website: <https://www.consumerfinance.gov/data-research/hmda/explore>

⁸ <https://www.consumerfinance.gov/data-research/hmda/>

The Executive Director of North Dakota Housing Finance Agency (NDHFA), Jolene Kline, confirmed in her March 2019 newsletter that the housing needs are on an upward trend:

“2018 was a major year for North Dakotans buying homes. The whole year trended higher than forecasted and in the end, NDHFA purchased the most loans in a non-event (i.e., natural disaster) year than ever before. We were surprised to look at our January’s home loan reservations and learn that despite the weather, January 2019 is trending above 2018! The state’s economy and quality of life have been instrumental in attracting people from other parts of the country and world and is helping to retain our youth after they complete high school and college. Providing them with affordable housing opportunities, both purchase and rental, is crucial to keep that trend moving forward.”⁹

NDHFA partners with lenders to offer affordable home financing to low- to moderate-income families and is seeing record increase in homeownership. In 2018, NDFHA loan production was 134 percent higher than the previous year¹⁰. Since Regulation C does not require non-profits and certain financial institutions to report and disclose mortgage data¹¹, using only the HMDA data is conservative, and appraisal needs are understated if viewed in relation to banks and credit unions only. Non-profit lenders such as community development corporations and other non-banks also use appraiser services, and along with growth, these demands further absorb scarce appraiser resources.

While the most severe impact of the appraiser shortage has been experienced in western and the most rural districts in North Dakota, the population centers are also impacted. As can be seen in the above data, there is a high volume of residential real estate loans in MSAs and a limited number of appraisers to meet this demand. Therefore, it is evident that the appraiser shortage impacts the entire state of North Dakota.

Delays Caused by Scarcity

There is no public source available to measure the time it takes for an appraisal to be completed. For that reason, the North Dakota Department of Financial Institutions (ND DFI) conducted a survey of financial institutions across the state to provide this data. Many institutions have not kept detailed records; however, their combined responses and experiences provide a good picture of how the scarcity and experienced delays are prevalent across all the various markets in North Dakota. There were 32 respondents representing 129 locations throughout the state as can be seen on the following map:

⁹ The NDHFA newsletter can be found here: <https://ndhousing.wordpress.com/2019/03/06/from-the-director-march-2019/>

¹⁰ The NDHFA news release with this information is found here: <https://ndhousing.wordpress.com/2019/01/07/housing-agency-wraps-up-record-breaking-year/> The annual report is found here: <https://www.ndhfa.org/Publications/Reports/NDHFA%20Publications/AnnualReport.pdf>

¹¹ Regulation C and HMDA reporting requirements are detailed here: https://files.consumerfinance.gov/f/201510_cfpb_final-rule_home-mortgage-disclosure_regulation-c.pdf



Covering the last 12 months ending October 31, 2018, 65 percent of respondents reported difficulty in hiring a residential real estate appraiser, while 31 percent reported difficulty hiring a commercial appraiser. Delays in receiving a residential real estate appraisal were reported by 65 percent of respondents, while 71 percent reported a delay in receiving a commercial appraisal. To establish what is considered a delay, respondents were asked what is considered a reasonable turnaround time for an appraisal.

Survey Results – Appropriate Turnaround Time for an Appraisal			
	21 Days	30 Days	60 Days
Residential Real Estate	52%	29%	3%
Commercial Real Estate	17%	50%	30%

In the following table, respondents were asked to report more detail about delays experienced using the turnaround times they reported above.

Survey Results – Respondents Reporting Appraisal Delays (in Prior 12 Months)			
	More than 5 Delays	Unreasonable Delays	Delays > 50% of Time
Residential Real Estate	33%	57%	23%
Commercial Real Estate	38%	72%	28%

The above data tables illustrate that financial institutions do not have unrealistic expectations for appraisal turnaround times. The data also shows how often delays are experienced. Two respondents

provided examples where the appraiser estimated completion within six weeks, but actual delivery took 10-12 weeks. Agricultural appraisals are especially challenging, which is concerning in a state where nearly 90 percent of land is farmland¹². The institutions report that a timeframe of 2-3 months to obtain an agricultural appraisal is common due to a backlog for the few appraisers available to conduct this type of work. One institution gave an example of an appraisal requested for farmland located about an hour from Fargo, the city with the most appraisers. The appraiser stated it would take 4 months before he could start the appraisal process despite the fact that this appraiser had appraised the same property less than a year earlier. To add to the borrower's frustration was a cost of \$2,500.

American Bank Center, Dickinson, North Dakota, a bank with a regional presence and 18 North Dakota locations, reported that agricultural appraisals are delivered in a range of 21-80 days, with an average of 51 days and a median of 49 days. Several larger institutions have indicated a belief that due to size, these institutions have been able to engage the same appraisers, and therefore suspects appraisal requests are honored sooner than competitors with less frequent requests.

Three respondents reported that they have had customers experience such extensive appraisal delays that the customers were unable to close on their home construction loans. Another regional bank, Bremer Bank, a national bank headquartered in St. Paul, Minnesota, compared the average turnaround time on its 120 most recent residential real estate loans in North Dakota to its experience in Minnesota and Wisconsin. Although both of those states also have large rural areas, this institution's North Dakota customers experienced an average appraisal turnaround time more than 5 days longer than in Minnesota and Wisconsin.

Respondents also noted that appraisers frequently decline to provide appraisals on a significant number of projects. Approximately 53 percent of respondents reported such denials for residential requests, while 45 percent reported denials for commercial requests. Reasons given for the denials were the lack of, or inadequate, comparable properties and irregular market conditions. In these instances, 23 percent of respondents were required to select a different appraiser at least five times in the last 12 months for residential appraisals, and 10 percent reported the same for commercial appraisals. Many respondents stated their list is limited due to the few appraisers serving the area, leaving no other option than to wait.

Cost of Appraisals

The scarcity of appraisers is not only causing delays, but due to North Dakota being rural, costs are generally higher and increase the farther away from a city the property is located. Survey respondents reported residential real estate appraisals costs ranging from \$500 to \$1,200, with \$755 as an average. Institutions in the northwestern part of North Dakota reported a range of \$900 to \$1,000 for residential real estate, with northeast and southeast institutions reporting ranges of \$580 to \$725. Bremer Bank stated that its average residential real estate appraisal costs in North Dakota were \$750 compared to \$465 in Minnesota and \$435 in Wisconsin. Bank Forward, Hannaford, North Dakota, another bank with

¹² North Dakota land area and farm land are summarized on page 12 in the United States Department of Agriculture's (USDA) Annual Statistical Bulletin found here:

https://www.nass.usda.gov/Statistics_by_State/North_Dakota/Publications/Annual_Statistical_Bulletin/2018/ND-Annual-Bulletin18.pdf

branches both in North Dakota and Minnesota, provided further examples in a letter to ND DFI (Exhibit 7). The letter illustrates how much higher the average cost for a 1-4 family residential real estate appraisal is in North Dakota compared to Minnesota as follows:

North Dakota City	City Population	Average Cost	Minnesota City	City Population	Average Cost
Jamestown	15,387	\$690	Walker	932	\$480
Grand Forks	57,056	\$580	Bemidji	15,366	\$450
Valley City	6,447	\$560			

Grand Forks is one of North Dakota’s MSAs, yet the cost for a residential real estate appraisal is on average \$100 higher than the appraisal cost 150 miles away in a Minnesota town of less than 1,000 people.

Commercial loan appraisal prices vary greatly depending on the project and location. Appraisal costs in a range of \$800 to \$15,000 were reported with an average price of \$3,427 and a median of \$3,000. Again, the northwestern part of the state reported more expensive appraisals.

As stated in our initial letter, the scarcity of appraisers is causing harm to consumers. Prompt financial services should be commensurate and available to customers in rural communities as well as to customers in population centers. However, the appraiser availability difficulties in North Dakota make it challenging for financial institutions to serve their communities with timely real estate loans. Several institutions have already been forced to eliminate 1-4 residential loans from their product offerings due to compliance and regulatory challenges. The impact to farmers and businesses due to a lengthy appraisal process is hindering economic growth and development. The scarcity of appraisers is causing consumer harm, which is evidenced when 59 percent of respondents state that they have a customer that has experienced increased financial costs, extended closing dates, or other harm due to appraisal delays.



As shown in the charts above, when asked, 63 percent of respondents stated that a waiver would help for residential real estate loans, while 71 percent responded that a waiver would help for commercial real estate loans. The respondents commenting on the residential real estate transactions included several institutions that currently do not offer residential real estate loans. Other respondents represented institutions that have only one location in a larger city where appraisers are located, and some institutions have dedicated appraisers on their roster. A few smaller rural institutions reported

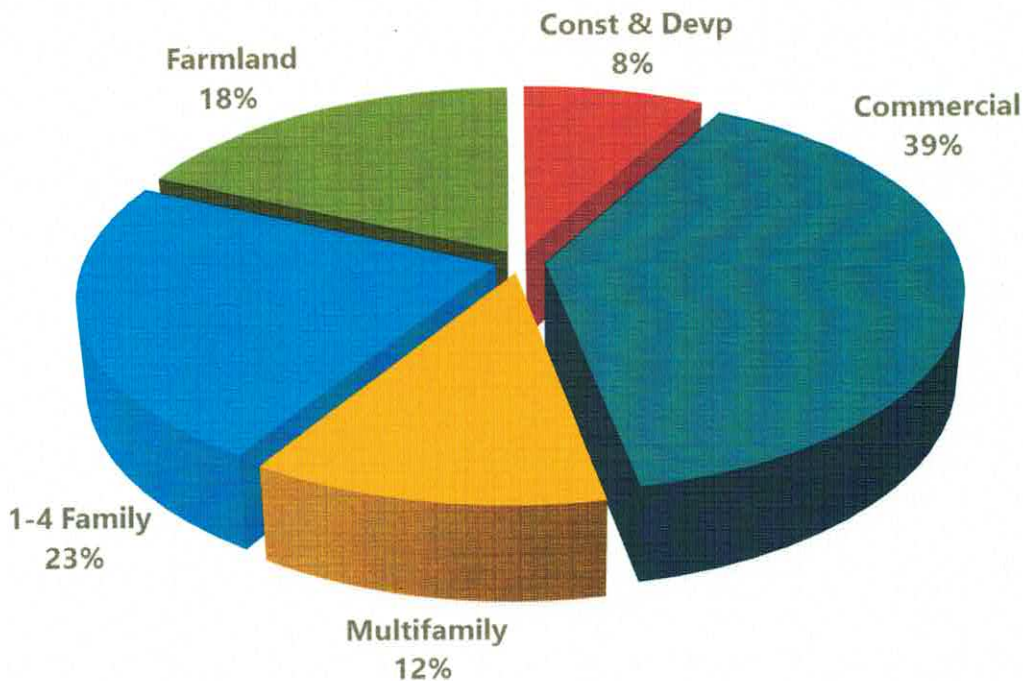
that they will use a certified appraiser regardless to ensure the independence and that USPAP are followed.

Safety and Soundness

As stated in Applicants' initial letter, granting a waiver for the use of a credentialed appraiser for real estate loans will not be a threat to the safety and soundness of North Dakota institutions. North Dakota has not had a bank failure in nearly 30 years, and any safety and soundness concerns currently facing North Dakota banks and regulators are tied to the volatile commodity markets and agriculture, not real estate values. Regardless of credentials of the person performing a real estate appraisal, the value of that real estate in the future will change with changes in economic conditions. Appraisals for the smaller transactions covered under this waiver request do not provide sufficient enough risk mitigation to justify the consumer cost and delays currently being experienced, especially when considering how changes in economic conditions can impact values in the future.

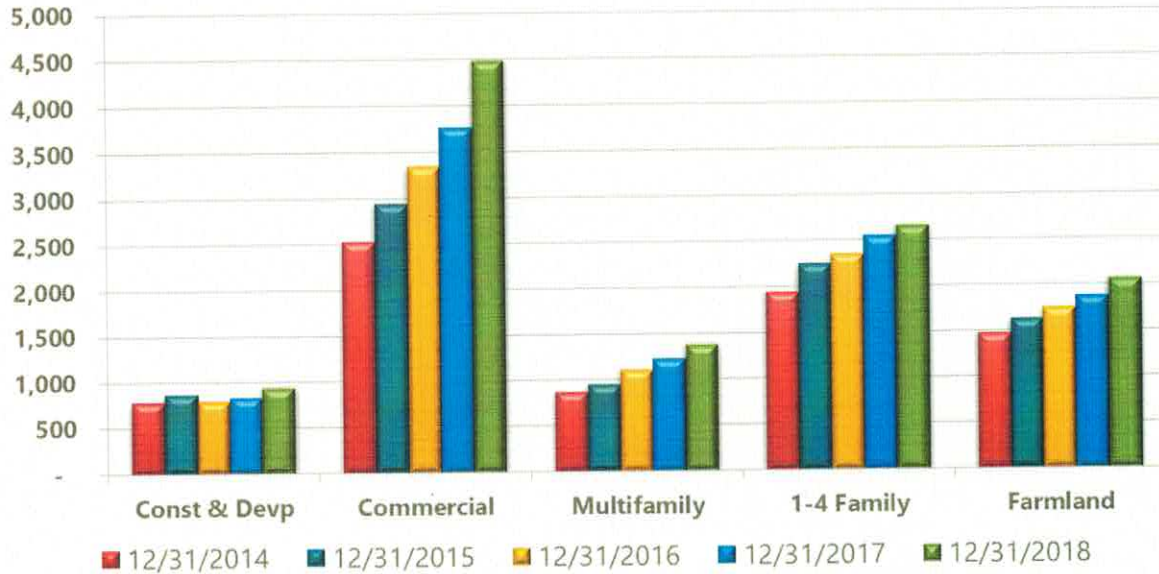
Real estate loans comprise 60 percent of total loan volume in North Dakota banks and are diversified as follows:

Real Estate Loan Composition
North Dakota State-chartered Banks as of 12/31/2018



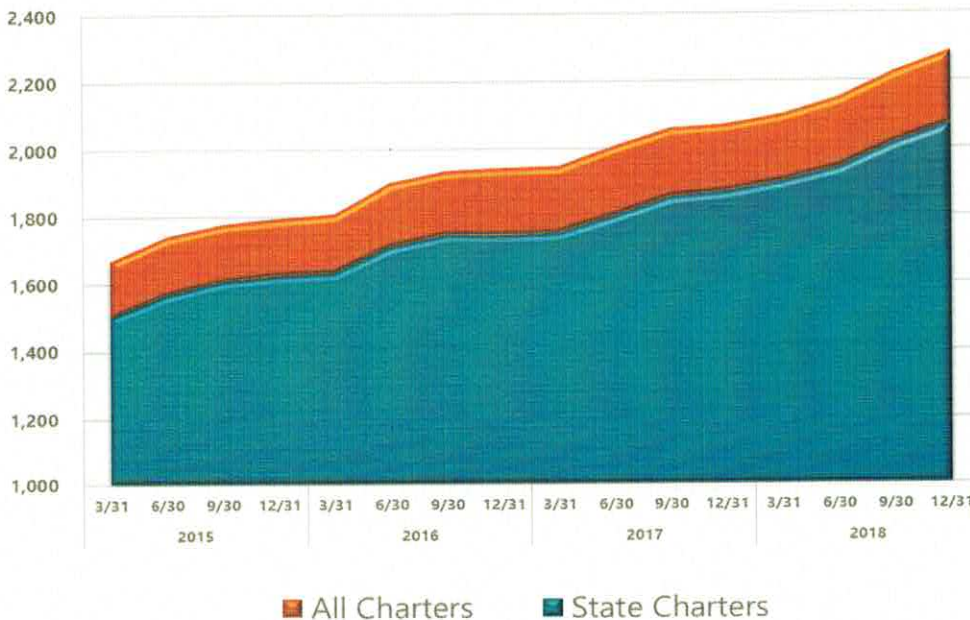
There is continued growth in all real estate loans as shown in the following graph:

Real Estate Loans in North Dakota State-Chartered Banks (\$ Millions)



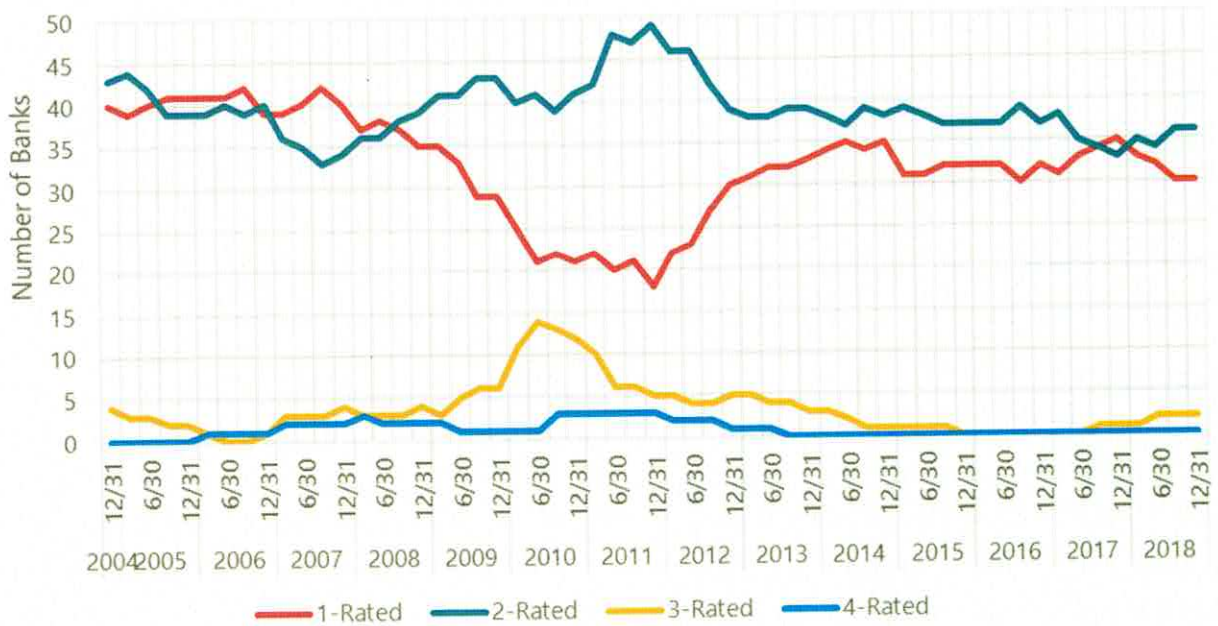
As the ND DFI Survey illustrated, and as stated above, many respondents voiced their challenges with obtaining agricultural appraisals. Agriculture is one of the predominant industries in North Dakota and since farms are located away from cities where appraisers are available, the farmers are suffering the consequence of appraisal delays. The increase in agricultural real estate loans is as follows in North Dakota banks:

Farm Real Estate Loans Held by North Dakota Banks (\$ millions)



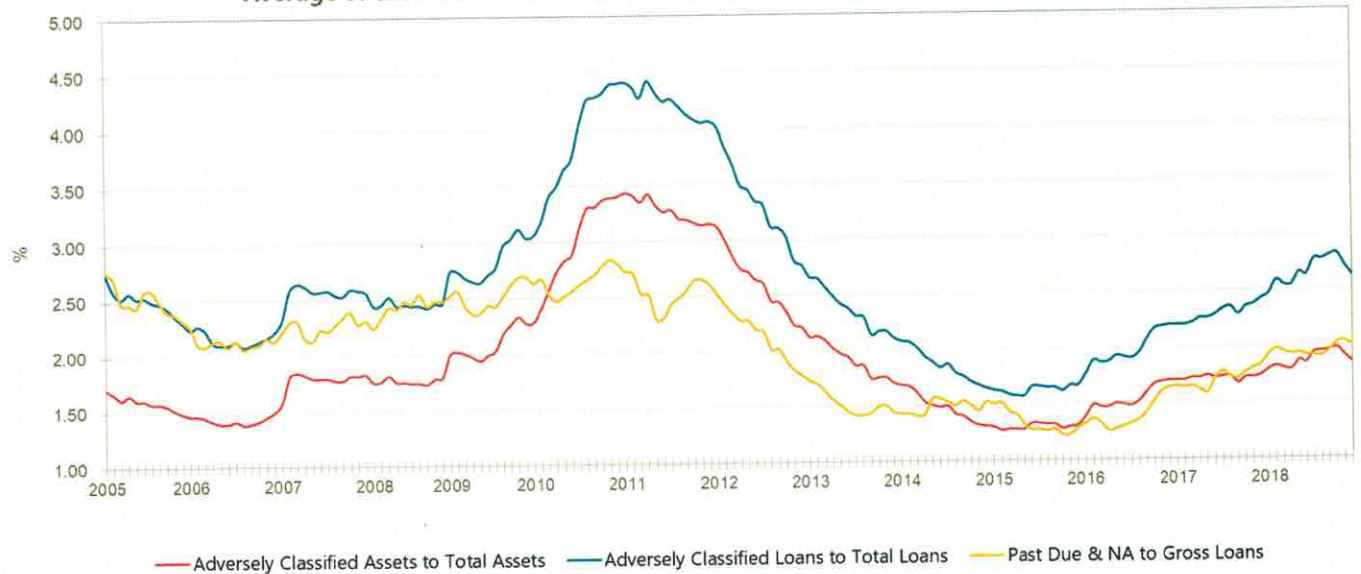
Regulators measure the overall risk of institutions using the Uniform Financial Institutions Rating System (UFIRS). A 1-rated institution exhibits the strongest performance and risk management practices relative to the institution's size, complexity, and risk profile, and give no cause for supervisory concern. A 5-rated institution exhibits extremely unsafe and unsound practices or conditions and failure is highly probable. An institution rated 3, 4 or 5 is considered a problem institution and receives more closely monitoring by regulatory authorities to restore the institution to a satisfactory condition. The level of problem institutions has been minimal for many years in North Dakota, which is a testimony to the overall sound risk management practices of our financial institutions. The safety and soundness of our institutions is illustrated by bank ratings throughout the last 15 years:

North Dakota State-Chartered Banks Distribution of Composite Ratings



Regulators expect that financial institutions implement sound risk management practices. The health of the North Dakota banks can further be illustrated by their low volume of classified assets and past due loans.

Classified Assets and Past Due Trends
Average of the Most Recent Examination Results of all State-chartered Banks



The Applicants are confident that a waiver will not jeopardize the safety and soundness of North Dakota institutions. The Applicants are not indicating that changes in real estate values or an insufficient process of valuing real estate collateral do not impact financial institutions. Declines in real estate values do pose a risk to financial institutions; however, this risk is present regardless of who performs the appraisal, and risks are driven by economic factors which change over time. Insufficient appraisal processes can occur regardless of who performs the appraisal. This waiver is limited to smaller transactions and still requires a sufficient appraisal process; therefore, the waiver will not elevate these risks at financial institutions above levels experienced without the waiver. Furthermore, as stated in the initial letter, the ND DFI Commissioner, along with primary federal regulators, have the authority to require appraisals by a licensed or certified appraiser if deemed necessary to address safety and soundness concerns.

Conclusion

Since the initial waiver request was submitted, the National Credit Union Association (NCUA) has proposed increasing the regulatory requirement for appraisals on commercial real estate loans to \$1,000,000. Likewise, the bank regulatory agencies have proposed an increased limit of \$400,000 on 1-4 family residential real estate appraisals.

These new regulations (if adopted) will have a positive effect that is similar to that which can be achieved by the granting of this waiver since both approaches will provide much needed relief. However, the North Dakota waiver request does not eliminate the USPAP-compliant appraisal requirement. Rather, it expands the number of individuals that can conduct and perform that service for residential real estate transactions under \$500,000 and commercial real estate transactions under

\$1,000,000. Applicants are asking for a waiver of the appraiser credentials to provide another option for consumers and institutions.

Applicants are requesting a waiver period of not less than five years.

Applicants request the opportunity to present oral testimony at a hearing in support of this application.

Contacts

For additional information please contact Commissioner Lise Kruse or NDBA President Rick Clayburgh.

Sincerely Yours,



Doug Burgum, Governor
State of North Dakota



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CC: North Dakota Real Estate Appraiser Qualifications and Ethics Board
North Dakota Congressional Delegates

EXHIBIT LIST

EXHIBIT LIST

- Exhibit 1: United States Senate: Letter to The Appraisal Foundation from Senators of North and South Dakota, May 14, 2018.
- Exhibit 2: Report of the Senate Committee on Banking, Housing, and Urban Affairs on FIRREA, April 18, 1989.
- Exhibits 3: Certified General Appraiser Roster, ND Real Estate Appraiser Qualifications and Ethics Board, September 17, 2018.
- Exhibit 4: Certified Residential Appraiser Roster, ND Real Estate Appraiser Qualifications and Ethics Board, September 17, 2018.
- Exhibit 5: Licensed Appraiser Roster, ND Real Estate Appraiser Qualifications and Ethics Board, September 17, 2018.
- Exhibit 6: Letter to the Appraisal Subcommittee from First International Bank & Trust, August 29, 2018.
- Exhibit 7: Letter to ND Dept. of Financial Institutions from Bank Forward, October 29, 2018.

EXHIBIT 1

United States Senate
WASHINGTON, DC 20510

May 14, 2018

Mr. Adam Johnston
Chair of the Board of Trustees
The Appraisal Foundation
1155 15th St. NW
Suite 1111
Washington, DC 20005

Dear Mr. Johnston:

We are writing to express our concern with The Appraisal Foundation's (the Foundation) response to the shortage of real estate appraisers in the housing market, especially in rural and underserved areas. We fear that a decreasing number of appraisers and an increase in the average age of the appraisal community threatens the industry and the housing market as a whole. Therefore, it is important to make sure that the Foundation is fulfilling its congressionally-directed role and that all necessary avenues are being explored to address the appraiser shortage that many communities and states are facing.

The Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 allows the Foundation to, "prescribe appropriate standards for the performance of real estate appraisals..." It is therefore vital that these standards strengthen the appraisal industry given its significant and important role in the US housing market.

We are concerned about the current trend in the appraisal industry: a lack of appraiser availability, an aging industry and significant barriers to entry. Furthermore, we are troubled that the Foundation does not share our concern about an appraiser shortage. On June 6, 2017, Mr. John Brenan, Director of Appraisal Issues at the Foundation, sent a letter to Ms. Maria Fernandez of the Federal Housing Finance Agency writing, "While we are aware that some markets experienced such issues (a shortage of appraisers) on a small scale, those very same markets have achieved an equilibrium and appraisals are now being performed in a timely manner, at a reasonable cost." The perceived diminishment of this problem is concerning, especially as individuals in South and North Dakota are struggling to acquire mortgage financing due to the lack of qualified appraisers serving their communities.

It is our understanding that the Appraiser Qualification Board (AQB) has recently voted to approve a fourth exposure draft outlining concepts that could ease the burden facing appraisers in our states. We appreciate the AQB's efforts and are encouraged by many of the proposed changes in the exposure draft.

While we appreciate the proposed changes made under the fourth exposure draft, we were discouraged that the AQB did not adopt a Practical Applications of Real Estate Appraisal (PAREA) program. The PAREA program would offer case study courses in a classroom that would allow a trainee to get experience hours while getting a qualifying education credit. In our states, it is extremely difficult for a trainee to find a supervisor willing to potentially train his competition. There should be an option for a trainee to build up experience hours without a supervisor. Therefore, we request that you provide answers to the following questions:

1. It appears that the PAREA program was removed from the fourth exposure draft due to concerns expressed by various commenters.
 - a. How many comments did the AQB receive regarding the PAREA program?
 - b. How many of these comments expressed concerns over the PAREA program?
2. The AQB voted to indefinitely delay its work on the PAREA concept while also promising that it would receive "their full attention going forward."¹ When does the AQB intend to be finished with the PAREA project so that states can adopt it into their rules and appraiser trainees can benefit from it?
3. The fourth exposure draft notes that the PAREA concept will be developed separately and will require a more extensive time frame than other proposals. What is the development process that the AQB will go through when creating the PAREA?
4. The fourth exposure draft also states that, "This (development of the PAREA) will likely be accomplished in conjunction with subject matter experts with expertise in this type of endeavor."² What subject matter experts does the AQB plan to work with in developing the PAREA?
5. Does the AQB intend to develop guidelines, criteria and framework for all private education providers to utilize in the development of courses that would satisfy PAREA requirements? If not, does the AQB intend to develop and deliver the courses itself or through a single provider chosen by the Foundation?

Thank you for your attention to our letter. We look forward to continuing to work with the Foundation to address this issue in our states.

Sincerely,


M. Michael Rounds
United States Senator

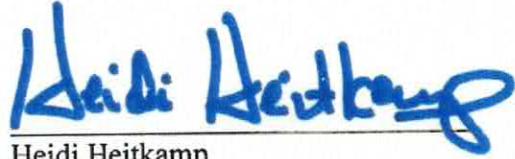

John Thune
United States Senator

¹ The Appraisal Foundation, Appraiser Qualifications Board, "Fourth Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria*," November 1, 2017, Accessed January 9, 2018. Available at: <https://appraisalfoundation.sharefile.com/share/view/s7ce4c46184b47f9a?>

² Ibid



John Hoeven
United States Senator



Heidi Heitkamp
United States Senator

EXHIBIT 2

FINANCIAL INSTITUTIONS REFORM,
RECOVERY,
AND ENFORCEMENT ACT OF 1989

R E P O R T

OF THE

COMMITTEE ON BANKING, HOUSING,
AND URBAN AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 774

together with

ADDITIONAL VIEWS



APRIL 13 (legislative day, JANUARY 3), 1989.—Ordered to be printed

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WASHINGTON : 1989

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as to be a proper incident thereto." Thus bank holding companies generally cannot engage in commercial activities, and their financial activities must satisfy the "closely related" standard. Before the enactment of the Competitive Equality Banking Act of 1987 ("CEBA"), however, the Banking Holding Company Act defined a "bank" narrowly. Companies controlling banks that did not meet that narrow definition (so-called "nonbank banks") were not subject to the Act's restrictions. As a result, commercial companies could obtain control of FDIC-insured banks and engage directly or through subsidiaries in a wide range of activities impermissible for bank holding companies.

B. The Restrictions Imposed by CEBA On Cross-Marketing Through Affiliates

CEBA redefined "bank" and imposed restrictions on existing nonbanks in order to limit the competitive advantages companies controlling such grandfathered nonbank banks may enjoy over other bank holding companies. One of the restrictions, in section 4(f)(3)(B)(ii) of the Bank Holding Company Act, generally prohibits a grandfathered nonbank bank from allowing its products or services to be cross-marketed by or through an affiliate unless the affiliate engages only in activities permissible for a bank holding company.

C. What This Section Does

This section amends section 4(f)(3)(B)(ii) to permit an affiliate of a grandfathered nonbank bank to cross-market the bank's products or services with products or services of the affiliate permissible for a bank holding company, even if the affiliate also engages in activities impermissible for a bank holding company. For example, an affiliate engaged in insurance activities could not cross-market the nonbank bank's certificates of deposit with insurance policies that a bank holding company is not permitted to sell, but the affiliate could cross-market the certificates of deposit with credit-related insurance that a bank holding company may sell under section 4(c)(8).

SECTION 1411. APPRAISAL SUBCOMMITTEE

This section amends the Federal Financial Institutions Examination Council Act of 1978 by adding a new section 1010 creating an Appraisal Subcommittee and requiring the Federal financial institution regulatory agencies (the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, COSA, and the NCUA Board) to develop standards for the performance of appraisals.

A. Establishment of an Appraisal Subcommittee

This section requires the Federal Financial Institutions Examination Council to establish an Appraisal Subcommittee, composed of one representative from each Federal financial institution regulatory agency. Each representative on the Appraisal Subcommittee must be familiar with the appraisal profession.

The Appraisal Subcommittee will monitor: (1) State certification and licensing requirements for appraisers; (2) regulations of the Federal financial institution regulatory agencies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation (collectively the "Regulatory Agencies") that govern real-estate related financial transactions requiring the services of an appraiser ("Federally Related Transactions"); and (3) the practices, procedures, activities, and organizational structure of the Appraisal Foundation, a non-profit organization created in 1987 to develop uniform appraisal standards and appraiser qualifications for State certification and licensing. The Appraisal Subcommittee must establish a national registry of State certified and licensed appraisers eligible to perform appraisals in Federally Related Transactions. No later than January 31 of each year, the Appraisal Subcommittee must report to Congress on its performance in carrying out its functions.

The Appraisal Subcommittee will be funded through a single \$5 million appropriation, authorized under this section, covering the two years after the bill becomes law. Thereafter, the Appraisal Subcommittee will meet its expenses by assessing and collecting annual registration fees (up to \$25) from State certified and licensed appraisers eligible to perform appraisals in Federally Related Transactions.

B. Promulgation of Appraisal Rules by Regulatory Agencies

Not later than one year after the bill becomes law, each of the Regulatory Agencies must adopt standards governing the performance of real-estate appraisals in Federally Related Transactions. The standards must be no less stringent than the generally accepted appraisal standards ("GAAS") established by the Appraisal Standards Board of the Appraisal Foundation. The standards may be more stringent than GAAS if the Regulatory Agency determines that higher standards are consistent with its statutory responsibilities.

The Regulatory Agencies must also adopt standards governing the types of Federally Related Transactions requiring the services of State certified or licensed appraisers. In adopting those standards, the Regulatory Agencies must consider whether transactions are, individually or collectively, of sufficient financial or public policy importance to the U.S. Government that a State certified appraiser must perform the appraisal. State certified appraisers must in any event perform appraisals of realproperty valued at \$1 million or more. Appraisals that may be performed by State licensed appraisers may also be performed by State certified appraisers.

C. Establishment of Appraiser Qualifications

As a general rule, the Regulatory Agencies may accept the certifications and licenses granted by the appropriate State agencies. However, a Regulatory Agency may also impose additional certification criteria consistent with its statutory responsibilities.

State requirements for designating certified appraisers must meet minimum certification criteria established by the Appraiser Qualification Board of the Appraisal Foundation. These criteria in-

clude satisfactory completion of an examination equivalent to the Uniform State Certification Examination approved by the Appraiser Qualification Board.

The Appraisal Subcommittee must review certifications and licenses awarded by the States. The Subcommittee may refuse to recognize certifications and licenses granted by State agencies whenever the State agency: (1) has failed to adopt and enforce standards, qualifications, or procedures prescribed under this section; (2) lacks adequate authority to carry out its responsibilities; or (3) has failed to act decisively regarding appraisal standards, appraiser qualifications, or appraiser supervision, as required by this section. The Appraisal Subcommittee must establish procedures to notify State agencies of its determination not to recognize their certifications and licenses. These procedures must give the State agencies an opportunity to present information to contest the denial or correct the conditions that caused the Appraisal Subcommittee to deny recognition. Appraisal Subcommittee actions denying recognition are subject to judicial review.

After July 1, 1991, at the latest, all appraisals performed in connection with Federally Related Transactions must be performed by State certified or licensed appraisers in accordance with this section. The Appraisal Subcommittee may extend the effective date until December 31, 1991, with the approval of the Federal Financial Institutions Examination Council, if it finds that a State has made substantial progress in establishing a State certification and licensing system that meets the requirements of this section.

The Appraisal Subcommittee may, with the approval of the Federal Financial Institutions Examination Council, waive the requirement to use State certified and licensed appraisers when a shortage of certified or licensed appraisers exists or when compliance with the requirement would create inordinate delays in performing appraisals.

D. Penalties for Noncompliance

Financial institutions and other entities that knowingly employ an appraiser who is not certified or licensed in accordance with this section are subject to civil money penalties of up to \$25,000 for a first violation and \$50,000 for each subsequent violation. Civil money penalties may be imposed only after an administrative hearing conducted by a Federal financial institution regulatory agency or an appropriate State agency. All such civil money penalties are subject to judicial review.

E. Application of This Section to Other Federal Agencies

The Office of Management and Budget may require other Federal agencies and departments to comply with this section.

SECTION 1412. SENSE OF THE SENATE RESOLUTION REGARDING TAX PROVISIONS GOVERNING FDIC AND FSLIC ASSISTED TRANSACTIONS

This section sets forth the Senate's finding that special tax provisions applicable to FDIC and FSLIC resolution of troubled depository institutions constitute inherently inefficient subsidies and do not permit for a full accounting of the costs of financing those resolu-

tions. This section expresses the sense of the Senate that the House of Representatives, which is constitutionally responsible for originating tax measures, should adopt and send to the Senate legislation that repeals certain tax preferences relating to such transactions. Repeal of those tax preferences would apply only to transactions on or after the date this bill becomes law.

SECTION 1413. STATUS OF CERTAIN THRIFT INSTITUTION

This section permits a particular savings association to convert from SAIF membership to BIF membership. In 1987, when CEBA first restricted conversions from FSLIC to the FDIC, a drafting error inadvertently removed an intended exception for that institution. This section corrects that error.

SECTION 1414. PASSIVE INVESTMENTS BY COMPANIES CONTROLLING GRANDFATHERED NONBANK BANKS

A. Current Restrictions on Acquiring Shares or Assets of Additional Banks or Thrift Institutions

Section 4(f)(2)(A) of the Bank Holding Company Act generally prohibits companies controlling grandfathered nonbank banks from directly or indirectly (1) acquiring control of any additional bank or thrift institution, or (2) acquiring control of more than 5 percent of the shares or assets of any additional bank or thrift institution. These two restrictions are intended to limit the competitive advantages companies controlling grandfathered nonbank banks may enjoy over other bank holding companies (discussed above in connection with section 1410).

Only one exception exists to the first of the two restrictions, section 4(f)(2)(A)(i) of the Act: a company controlling a grandfathered nonbank bank may, under certain emergency circumstances, acquire control of a failed or failing thrift institution. (This emergency acquisition authority is currently contained in section 408(m) of the National Housing Act. The bill repeals section 408(m), and replaces it with a new section 13(k) of the Federal Deposit Insurance Act.)

Five exceptions exist to the second restriction, section 4(f)(2)(A)(ii) of the Act, which prohibits acquisitions of more than 5 percent of the shares or assets of any additional bank or thrift institution. These exceptions exclude shares or assets in the following categories when calculating compliance with the 5-percent restriction:

- (1) shares acquired in a bona fide fiduciary capacity;
- (2) shares held temporarily pursuant to an underwriting commitment in the normal course of an underwriting business;
- (3) shares held in an account solely for trading purposes (i.e., as a market-maker);
- (4) loans or other accounts receivable acquired in the normal course of business; and
- (5) shares or assets of a failed or failing thrift institution acquired under the emergency acquisition authority described above.

EXHIBIT 3

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	North Dakota Certified General Appraisers: (9-17-18)												
2					TOTAL	191			35	East			
3					ND	79			24	Central			
4					Plus: neighboring border cities MN	5			8	West			
5					ND/MN border total	84							
6					Less: dedicated to one organization	-17			23	outside MSA			
7					Possibly available in state	67				appraisers located in MSA			
8										cities in western ND referred to in letter			
9													
10	CG-21523	Wyatt	John	K.		2326 N Pomeroy Circle	Mesa	AZ	85201				
11	CG-21238	Mashburn, Jr.	Delmar	L	Mashburn Real Estate Services	7025 E McDowell Rd	Scottsdale	AZ	85257				
12	CG-21494	Kalvoda	Richard	E.	Altus Group	17901 Von Karman Ave Ste 950	Irvine	CA	92614				
13	CG-21403	Hoskins	Drew		Drew Hoskins-Duff & Phelps	10100 Santa Monica Blvd, Ste 1100	Los Angeles	CA	90067				
14	CG-21750	Nguyen	Giselle		Ernst & Young	725 S Figueroa St, 9th Flr	Los Angeles	CA	90017				
15	CG-214102	Fletcher	Jonathan	M.	Colliers International Valuation & Advisory Serv.	7200 S Alton Way, B260	Centennial	CO	80112				
16	CG-21887	Graw	William	K.	HealthCare Appraisals, Inc.	4600 S Syracuse St.	Denver	CO	80237				
17	CG-21758	Rasmussen	Gerald	V.	Cushman & Wakefield of Connecticut	107 Elm Street, 8th Floor	Stamford	CT	6902				
18	CG-21872	Phillips	David	W.	MountainSeed Appraisal Management	2100 Powers Ferry Road SE	Atlanta	GA	30339				
19	CG-2501	Ehler	Robert	P.	Vanguard Appraisals, Inc.	1065 Sierra Court NE Ste D	Cedar Rapids	IA	52402				
20	CG-21381	Joerger	Curtiss	L.	Vanguard Appraisals, Inc.	1065 Sierra Ct NE Suite D	Cedar Rapids	IA	52402				
21	CG-21225	Kruse	Eric	J.	Vanguard Appraisals, Inc.	1065 Sierra Court NE Ste D	Cedar Rapids	IA	52402				
22	CG-21522	Binner	David	A.	Wells Fargo Bank	666 Walnut Street, 3rd Floor	Des Moines	IA	50309				
23	CG-21254	Anderson	Dane	R.	Real Estate Research Corporation, LLC	6600 Western Pkwy, Suite 260	West Des Moines	IA	50266				
24	CG-21642	Jenkins	Chris	R.	CBRE/Valuation	1055 Jordan Creek Pkwy, Ste 210	West Des Moines	IA	50266				
25	CG-21401	Norine	Andrew	M.	CBRE, Inc.	1055 Jordan Creek Pkwy, Ste 210	West Des Moines	IA	50266				
26	CG-21482	Enloe	Eric	L.	JLL Valuation & Advisory Services, LLC	200 E Randolph Drive, Suite 4700	Chicago	IL	60601				
27	CG-21754	Lockard	Bryan	J.	CBRE	321 N. Clark St, 34th Floor	Chicago	IL	60654				
28	CG-21756	Maier	Brent	W.	Houlihan Lokey Financial Advisors, Inc.	111 S Wacker Dr, Flr 38	Chicago	IL	60606				
29	CG-21630	Miller	Joseph	M.	JLL Valuation & Advisory Services, LLC	200 E Randolph Drive, Suite 4700	Chicago	IL	60694				
30	CG-21641	Murphy	Leah	J.	Cushman & Wakefield	225 S Wacker Drive, Ste 3000	Chicago	IL	60606				
31	CG-21878	Hummel	Matthew	A.	Novogradac & Company LLP	6700 Antioch Road, Suite 450	Meriam	KS	66024				
32	CG-21519	Warner	Megan	N.	Keystone Appraisals	11302 S Penrose Street	Olathe	KS	66061				
33	CG-21495	Roos	Jason	T	Valbridge Property Advisors	10990 Quivira Suite 100	Overland Park	KS	66210				
34	CG-21761	Marshall	Mary	A.	Value Midwest	6446 Morris St- PO Box 125	Marlette	MI	48453				
35	CG-21512	Williams	Mark	A.	Williams & Associates Inc., DBA Value Midwest	6446 Morris St., PO Box 125	Marlette	MI	48453				
36	CG-1171	Iversen	Burton	J.	Farm Management Financial	306 1st Street SW	Austin	MN	55912				
37	CG-2310	Anderson	Charles	D.	ARC Appraisals	13919 150th St S	Barnesville	MN	56514-9109				
38	CG-21884	Elsner	Donald	N.	Wells Fargo - RETECHS	7900 Xerxes Avenue S, Suite 160	Bloomington	MN	55431				
39	CG-21487	Lillibridge	Michael	J.	Cushman & Wakefield	3500 American Blvd #200	Bloomington	MN	55431				
40	CG-2504	Lynch	Patrick	G	Cushman & Wakefield of MN, Inc.	3500 American Blvd #200	Bloomington	MN	55431				
41	CG-21232	Malecha	Kelsey	K.	Cushman & Wakefield	3500 American Blvd #200	Bloomington	MN	55431				
42	CG-21883	Salzbrun	Josie	A.	Wells Fargo Bank	7900 Xerxes Avenue S	Bloomington	MN	55431				
43	CG-1113	Miller	Guy	S	Miller Realty, Inc.	522 Minnesota Avenue	Breckenridge	MN	56520-0109	East			
44	CG-214108	Miller	Jared	K.	Miller Realty, Inc.	522 Minnesota Avenue	Breckenridge	MN	56520-0109	East			
45	CG-1102	Stillwell	Jay	S.	Stillwell Appraisal Services	216 North 5th St	Breckenridge	MN	56520	East			
46	CG-2908	Tinjum	Brian	R.	Tinjum Appraisal Company	211 West Holmes St, Ste 306	Detroit Lakes	MN	56501				
47	CG-1147	Tinjum	Roger	K.	Tinjum Appraisal Company	211 West Holmes St, Ste 306	Detroit Lakes	MN	56501				
48	CG-1045	Mohr	Douglas	D	Ramsey National Bank	300 4th Street	Devils Lake	MN	58301				

	A	B	C	D	E	F	G	H	I	J	K	L	M
49	CG-21505	Marinac	Tad	S.	GTRE	6975 Washington Ave S #205	Edina	MN	55439				
50	CG-21386	Olson	Kara	A.	GTRE Commercial	6975 Washington Ave S #205	Edina	MN	55439				
51	CG-21259	Matthew	Daryl	J.	Daryl J Matthew Appraisal & Consulting	212 W. Lincoln Avenue	Fergus Falls	MN	56537				
52	CG-21890	Elker	Royce	L.	Compeer Financial	1921 Premier Drive	Mankato	MN	56003				
53	CG-21248	Nesburg	Robin	R.	Rabo AgriFinance, LLC	151 St Andrews Court, Ste 110	Mankato	MN	55318				
54	CG-21498	Boris	Daniel	T.	The Appraisal Group, LTD	11212 86th Street N, Suite A	Maple Grove	MN	55369-4552				
55	CG-21876	Kirk	Brandon	D.	Rabo Agri Finance LLC	313 O'Connell Street	Marshall	MN	56258				
56	CG-21249	Amundson	Michael	F.	IRR-Minneapolis	8012 Old Cedar Ave S	Minneapolis	MN	55425				
57	CG-21879	Bauer	Ryan	N.	Diversified Real Estate Services, Inc.	10 S 5th Street, Ste 1001	Minneapolis	MN	55402				
58	CG-21516	Coglianesese	Erik	L.	Colliers International	900 2nd Ave S Ste 1575	Minneapolis	MN	55402				
59	CG-21514	Donahue	Andrew	T.	Colliers International	900 2nd Ave S Ste 1575	Minneapolis	MN	55402				
60	CG-21885	Estep	Marshall	D.	Newmark Knight Frank Valuatio Advisory	7760 France Avenue S, Suite 1161	Minneapolis	MN	55435				
61	CG-21385	Falkum	Scott	K.	CBRE, Inc.	800 LaSalle Ave, Suite 1900	Minneapolis	MN	55402				
62	CG-21640	Headrick	Marlo	L.	SRF Consulting Group, Inc.	One Carlson Parkway N, Ste 150	Minneapolis	MN	55447				
63	CG-21874	Johnson	Harry	R.	CBRE	800 LaSalle Ave, Suite 1900	Minneapolis	MN	55402				
64	CG-21118	Koeller	Michelle	D.M	Newmark Knight Frank	7760 France Ave. S., Ste 1115	Minneapolis	MN	55435				
65	CG-21875	Makredes	Andrew	S.	CBRE, Inc.	800 LaSalle Avenue #1900	Minneapolis	MN	55402				
66	CG-21625	Maurer	Chris	W.	CBRE	800 LaSalle Avenue	Minneapolis	MN	55402				
67	CG-21881	Miles	Benjamin	A.	Newmark Knight Frank	7760 France Ave. S	Minneapolis	MN	55435				
68	CG-2402	Moynagh	Michael	J.	CB Richard Ellis	1900 LaSalle Plaza, 800 LaSalle Ave	Minneapolis	MN	55402				
69	CG-21234	Mueller	Daniel	P.	Integra Realty Resources	8012 Old Cedar Ave S	Minneapolis	MN	55425				
70	CG-21749	Rageth	Kari	K.	Integra Realty Resources	8012 Old Cedar Ave S	Minneapolis	MN	55425				
71	CG-2903	Ramsiad	David	P.	US Dept HUD	920 2nd Avenue S Ste 1300	Minneapolis	MN	55402				
72	CG-2705	Reed	Justin	G	CB Richard Ellis	800 LaSalle Ave, Suite 1900	Minneapolis	MN	55402				
73	CG-21504	Siemens	Scott	C.	CBRE, Inc.	800 LaSalle Ave, Suite 1900	Minneapolis	MN	55402				
74	CG-21489	Simonson	Joshua	L.	Chadwick Appraisals	8100 Penn Ave S #150	Minneapolis	MN	55431				
75	CG-21245	Simonson	Mitchell	E.	Chadwick Appraisals	8100 Penn Ave S #150	Minneapolis	MN	55431				
76	CG-21369	Stockness	Christopher	J.	Shenehon Company	88 South 10th Street #400	Minneapolis	MN	55403				
77	CG-21370	Strachota	Robert	J.	Shenehon Company	88 South 10th Street #400	Minneapolis	MN	55403				
78	CG-21491	Wiech	Chad	R.	Chadwick Appraisals, LLC	8100 Penn Ave S #150	Minneapolis	MN	55431				
79	CG-21242	Bock	Gary	E.	GEB Appraisals	110 37th Ave S	Moorhead	MN	56560	East			
80	CG-21228	Doll	Peter	W.	City of Moorhead	500 Center Avenue	Moorhead	MN	56560				
81	CG-1131	Fadness	Bruce	A.	Fadness Realty & Appraisal	24701 Steeple Chase Lane	Pelican Rapids	MN	56572				
82	CG-21757	Thompson	Andrew	M.	Nagell Appraisal & Consulting	12805 Highway 5 S	Plymouth	MN	55441				
83	CG-21384	Weber	Jerome	A.	Weber Appraisal Service, Inc.	5755 Country Rd 136	St. Cloud	MN	56301				
84	CG-21008	Weber	Jerry	M.	Weber Appraisal Service, Inc.	5755 Country Rd 136	St. Cloud	MN	56301				
85	CG-21010	Weber	Kelly	J	Weber Appraisal Service, Inc.	5755 Country Rd 136	St. Cloud	MN	56301				
86	CG-21631	Folland	Joshua	P.	Insight Realty Advisors, Inc.	275 E 4th St, Ste 325	St. Paul	MN	55101				
87	CG-2301	Jeffrey-Schwartz	Julie	A	Lake State Realty Services, Inc.	2140 Otter Lake Drive	White Bear Lake	MN	55110				
88	CG-2601	Gill	Samuel	T.	Gill Group, Inc.	512 North One Mile Rd	Dexter	MO	63841				
89	CG-21485	Dale	Patrick	F.	Hopkins Appraisal Services	4721 Cliff Avenue Ste 100	Independence	MO	64055				
90	CG-21873	Bean	Meghan	B.	HVS	8134 Big Bend Blvd	Webster Groves	MO	62236				
91	CG-21251	McCoy	Daniel	P.	TS Worldwide dba HVS	8134 Big Bend Blvd	Webster Groves	MO	63119				
92	CG-21760	Olson	Sara	E.	HVS	8134 Big Bend Blvd	Webster Groves	MO	63119				
93	CG-21402	Pierson	Tanya	J.	HVS	8134 Big Bend Blvd	Webster Groves	MO	63119				
94	CG-21392	Robertson	Randy	K.	Robertson Valuation Group, LLC	2817 2nd Ave N, Ste 200	Billings	MT	59101				
95	CG-2801	Seeve	Christopher	C.	CV Appraisal Services, Inc.	91 Morgan Creek Lane	Bozeman	MT	59718				
96	CG-21636	Lee	Norman	H.	Blue Star Ranch	970 S Shoshone Loop	Hamilton	MT	59840				
97	CG-21366	Luther, Jr.	George	E	Luther Appraisal Services, Inc.	84 Sprandel Lane	Mile City	MT	59301				

	A	B	C	D	E	F	G	H	I	J	K	L	M
98										Location	County		
99	CG-1035	Timian	Timothy	R.	Timian Appraisal Services	320 Main Street	Arthur	ND	58006	East	Cass		
100	CG-1034	Sorenson	Richard	O.	Sorenson Appraisal Service	PO Box 561	Beulah	ND	58523-0561	West	Mercer		
101	CG-2902	Bachmeier	Wade	M.	Landmark Real Estate Services	2800 N Washington Street	Bismarck	ND	58503	Central	Burleigh		
102	CG-2603	Becker	Wade	A.	Boulder Appraisal, LLC	4701 Feldspar Drive	Bismarck	ND	58503	Central	Burleigh		
103	CG-21645	Bina	Brett	N.	Dakota Appraisal & Consulting	304 E Rosser Avenue	Bismarck	ND	58501	Central	Burleigh		
104	CG-2802	Boulrous	F. Nick		Dakota Appraisal & Consulting	304 East Rosser Avenue	Bismarck	ND	58501	Central	Burleigh		
105	CG-1134	Breuer	W. Sterling		Alpha Appraisal and Consulting, LLC	618 Aspen Ave	Bismarck	ND	58503	Central	Burleigh		
106	CG-1007	Campbell	David	B.	Appraisal Associates, Inc.	1725 Bonn Blvd	Bismarck	ND	58504	Central	Burleigh		
107	CG-21002	Chase	Chris	W.	ND Dept of Transportation	608 E Boulevard	Bismarck	ND	58505				
108	CG-1002	Doll	Gregory	F.		528 West Boulevard	Bismarck	ND	58501	Central	Burleigh		
109	CG-1009	Ibach	Joseph	J.	Dakota Appraisal & Consulting	304 East Rosser Avenue	Bismarck	ND	58501	Central	Burleigh		
110	CG-1031	Knudson	Bill	A.	Knudson Appraisal Service	2900 E Broadway Ave Ste 21	Bismarck	ND	58501	Central	Burleigh		
111	CG-2002	Knudson	Bruce	E.		5934 Lariat Loop	Bismarck	ND	58503	Central	Burleigh		
112	CG-21378	Kost	Corey	J.	Dakota Appraisal & Consulting	304 East Rosser Avenue	Bismarck	ND	58501	Central	Burleigh		
113	CG-21122	Mann	Carrie	A.	Allied Appraisals of ND	1937 E Capitol Avenue	Bismarck	ND	58501	Central	Burleigh		
114	CG-2604	Pagan	Jorge	L.	J Pagan Appraisers and Consultants, LLC	1012 E Central Avenue	Bismarck	ND	58501	Central	Burleigh		
115	CG-21753	Scherr	Teri	A.	Jorge Pagan	1012 E Central Avenue	Bismarck	ND	58501	Central	Burleigh		
116	CG-21886	Walker	Taylor	J.	1st International Bank & Trust Appraisal Dept	1601 N 12th Street	Bismarck	ND	58501				
117	CG-21888	Walsh	Tyler	J.	Crown Appraisals, Inc.	2750 7th Avenue S	Bismarck	ND	58503	Central	Burleigh		
118	CG-2803	Andrews	James	E.	Andrews Appraisal & Management	308 4th Street SE	Devils Lake	ND	58301	Central	Ramsey		
119	CG-1017	Webster	Steven	E.	Minn-Dak Appraisals & Consulting	104 Armour St SE	Devils Lake	ND	58301-3903	Central	Ramsey		
120	CG-1005	Geiszler	Gary	T.	G.T. Geiszler & Associates	1920 8th Street W	Dickinson	ND	58602-1931	West	Stark		
121	CG-1052	Knudson	Marin	D.	Knudson Appraisal Service	919 Senior Avenue	Dickinson	ND	58601	West	Stark		
122	CG-21377	Raynor	Thomas	J.	American Valuation Group	387 15th Street W #136	Dickinson	ND	58601	West	Stark		
123	CG-2505	Aaland	David	C.	Aaland Appraisals, Inc.	4277 Coventry Drive S	Fargo	ND	58104	East	Cass		
124	CG-1050	Berg	Jeffrey	L.	Crown Appraisals	2750 7th Avenue S	Fargo	ND	58103	East	Cass		
125	CG-21882	Berg	Ross	E.	Black Dog Appraisal, Inc.	221 19th Ave N	Fargo	ND	58102	East	Cass		
126	CG-1016	Durensky	Roger	T.	AGCountry Farm Credit Services	1900 44th St S	Fargo	ND	58103				
127	CG-21892	Eriksmoen	Marit	M.	Appraisal Services, Inc.	1220 Main Ave Ste 125	Fargo	ND	58103-8201	East	Cass		
128	CG-1027	Eriksmoen	Neal	A.	Appraisal Services, Inc.	1220 Main Ave Ste 125	Fargo	ND	58103-8201	East	Cass		
129	CG-21517	Enksmoen	Petter	N.	Appraisal Services, Inc.	1220 Main Ave Ste 125	Fargo	ND	58103-8201	East	Cass		
130	CG-21016	Field	Brian	W.	Crown Appraisals, Inc.	2750 7th Avenue S	Fargo	ND	58103	East	Cass		
131	CG-2708	Ham	Wayne	L.	City of Fargo Assessment Dept	321 4th Street N	Fargo	ND	58102				
132	CG-1159	Harshberger	Robert	E.	City of Fargo Assessment Dept	321 4th Street N	Fargo	ND	58102				
133	CG-1063	Hoefs	Rose	M.	RM Hoefs & Associates	1129 5th Ave S 2nd Floor	Fargo	ND	58103	East	Cass		
134	CG-1064	Hushka	Ben	D.	City of Fargo Assessment Dept	321 4th Street N	Fargo	ND	58102				
135	CG-1093	Kerkow	Craig	R.	Kerkow Appraisals, Inc.	1351 Page Drive S	Fargo	ND	58103	East	Cass		
136	CG-1167	Kreft	Timothy	L.	AgCountry Farm Credit Services	1900 44th Street S	Fargo	ND	58108				
137	CG-21510	Leinness	Alan	P.	Appraisal Services, Inc.	1220 Main Ave Ste 125	Fargo	ND	58103	East	Cass		
138	CG-21893	Mangen	Jeffrey	M.	Appraisal Services, Inc.	1220 Main Ave Ste 125	Fargo	ND	58103-8201	East	Cass		
139	CG-21117	Natwick	Brian	R.	Natwick Appraisals	1205 4th Avenue S	Fargo	ND	58103	East	Cass		
140	CG-1170	Natwick	James	R.	Natwick Appraisals	1205 4th Avenue S	Fargo	ND	58103	East	Cass		
141	CG-2307	Nelson	Kyle	W.	Farmers National Company	4141 31st Avenue S, Ste 101	Fargo	ND	58104	East	Cass		
142	CG-1014	Qualey	Brent	M.	Farmers National Company	4141 31st Avenue S, Ste 101	Fargo	ND	58103	East	Cass		
143	CG-21880	Splonskowski	Michael	F.	City of Fargo Assessment Dept	321 4th Street N	Fargo	ND	58102				
144	CG-21767	Sumers	Joseph	D.	1st International Bank & Trust: Appl Dept	3001 25th Street S	Fargo	ND	58103				
145	CG-21237	Terras	Timothy	H.	AgCountry Farm Credit Services	1900 44th Street S	Fargo	ND	58103				

	A	B	C	D	E	F	G	H	I	J	K	L	M
146	CG-1148	Wastweet	Russell	L.	Wastweet Appraisal & Consulting, Inc.	6231 16th Street S	Fargo	ND	58104	East	Cass		
147	CG-21511	Weston	Dale	T.	Farmers National Company	4141 31st Ave S Ste 101	Fargo	ND	58104	East	Cass		
148	CG-21396	Whartnaby	John	D.	BlackDog Appraisal, Inc.	221 19th Avenue N	Fargo	ND	56560	East	Cass		
149	CG-21001	Koslofsky	Betty	J.	Koslofsky Appraisals	4521 130th Ave SE	Fingal	ND	58031	East	Barnes		
150	CG-2707	Houdek	Paul	A.		906 Griggs Avenue	Grafton	ND	58237	East	Walsh		
151	CG-1112	Anderson	Terry	D.	Anderson Appraisal	1130 North 5th Street	Grand Forks	ND	58203	East	Grand Forks		
152	CG-2602	Gudajtes	Andrew	J.	Farmers National Company	4050 Garden View Dr. #103	Grand Forks	ND	58201	East	Grand Forks		
153	CG-2915	Johnson	Darin	P.	Appraisals & Real Estate Research	308 2nd Ave N #301	Grand Forks	ND	58203	East	Grand Forks		
154	CG-1001	Johnson	Joan	L.	Appraisals & Real Estate Research	308 2nd Ave N #301	Grand Forks	ND	58203	East	Grand Forks		
155	CG-1026	Roos	Leslie	P.	Roos & Associates, Inc.	1397 Library Circle Ste 102	Grand Forks	ND	58201	East	Grand Forks		
156	CG-2004	Wigestrand	Chad	A.	AgCountry Farm Credit Services	4350 32nd Avenue S	Grand Forks	ND	58208				
157	CG-1056	Wood	Allen	W.	Allen Wood, LLC	3904 Fairview Drive	Grand Forks	ND	58201	East	Grand Forks		
158	CG-1156	Knudson	Rhonda	M.	Northern Appraisal & Realty, Inc.	917 Alder Avenue	Harvey	ND	58341	Central	Wells		
159	CG-1012	Johnson	Noel	A.		8171 31st Street SE Unit 12	Jamestown	ND	58401	Central	Stutsman		
160	CG-1118	Thielges	Raymond	D.		6906 102nd Avenue SE	LaMoure	ND	58458	Central	Lamoure		
161	CG-1074	Weisser	Jim	T.	Weisser Appraisal	PO Box 638	Linton	ND	58552	Central	Emmons		
162	CG-21746	Ressler	Sheila	M.	Farm Credit Services of Mandan	1600 Old Red Trail	Mandan	ND	58554				
163	CG-1057	Olson	Steven	E	Olson & Olson Consultation	440 Olson Drive	Mayville	ND	58257	East	Trall		
164	CG-1025	Bibow	Bruce	R.	Rasmuson Appraisal Consultants	PO Box 3040	Minot	ND	58702	Central	Ward		
165	CG-21759	Haugen	Ryan	B.	Haugen Farm Realty, Inc.	3108 South Broadway Ste 1	Minot	ND	58701	Central	Ward		
166	CG-1018	Iverson	Wade	V.	Farm Credit Services	3100 10th St SW	Minot	ND	58701				
167	CG-214104	Leier	Brie		Elle Farm Credit Services of ND	3100 10th Street SW	Minot	ND	58701				
168	CG-2313	Smette	Nancy	L.	U.S. Fish and Wildlife Service	2001 6th Street SE, Ste 5	Minot	ND	58701				
169	CG-1040	Szymanski	James	P.	Northland Appraisal Service	1605 20th Ave NW	Minot	ND	58703	Central	Ward		
170	CG-2003	Termes	Kevin	D.	City of Minot	1025 31st Street SE	Minot	ND	58701				
171	CG-1124	Vorachek	Paul	R.	Vorachek Farm Appraisal	214 Hill Avenue N	Park River	ND	58270	East	Walsh		
172	CG-1145	Gion	William	D.	Gion Appraisal, LLC	6360 99th Avenue SW	Regent	ND	58650	West	Hettinger		
173	CG-1080	Tomac	Steven	W.		2498 59th Street	Saint Anthony	ND	58566	West	Morton		
174	CG-1098	Veland	Robert	M.	Veland Appraisal Service	315 N 11th Street Ste H	Wahpeton	ND	58075	East	Richland		
175	CG-2916	Triebwasser	William	N.	Triebwasser Appraisal Service	705 13th Avenue E	West Fargo	ND	58078	East	Cass		
176	CG-1022	Mclvor	Craig	M.	Dakota Realty & Leasing Inc.	719 2nd Street W	Williston	ND	58801	West	Williams		
177	CG-1061	Cymbaluk	Roger	M.	Basin Brokers	106 Main Street	Williston	ND	58802-0456	West	Williams		
178													
179	CG-21483	Nell	Bruce	E	Colliers International Valuation & Advisory Serv	8800 Lyra Drive, Ste 650	Columbus	OH	43240				
180	CG-21768	Wright	William	G	ServiceLink	1400 Cherrington Pkwy	Moon Township	PA	15108				
181	CG-21390	Agkira	David	R.	KPMG LLP	1601 Market St, 29th Floor	Philadelphia	PA	19103				
182	CG-1166	Siebrecht	Marvin	E.	Siebrecht Agency, Inc.	1205 6th Ave SW Ste 3	Aberdeen	SD	57402				
183	CG-2703	Baker	David	M.	WesDak Appraisal Services, Inc.	14562 Tiffany Court	Hermosa	SD	57744				
184	CG-21889	Lange	Deidre	L.	Arete' Appraisal Services LLC	PO Box 207	Ipswich	SD	57451				
185	CG-2701	Braun	Michael	A.	Braun Appraisals, Inc.	109 Elm Street	Langford	SD	57454				
186	CG-21891	Sulther	Kayla	A.	Braun Appraisals, Inc.	109 Elm Street	Langford	SD	57454				
187	CG-1155	Weishaar	Shawn	A.	Weishaar Appraisal Services	1008 31st Street NE	Lemmon	SD	57638				
188	CG-21633	Hulm	Jerald	A.	Hulm Appraisals	1106 East Oakland Street	Rapid City	SD	57701-5857				
189	CG-21252	Greenlee	Benjamin	B.	Kaschmitter Appraisals, Inc.	405 W 34th Street	Sioux Falls	SD	57105				
190	CG-21751	Hegerfeld	Barbara	J.	Rabo AgriFinance LLC	5020 Broadband Lane	Sioux Falls	SD	57108				
191	CG-2401	Koenigshof	David	S.	First Dakota National Bank	201 Ridgeview Drive	Tabor	SD	57063				
192	CG-21635	Engstrom	Troy	A.	Engstrom Appraisals, Inc.	21 5th Street NE	Watertown	SD	57201				
193	CG-214110	Owens, Jr.	Ronald	K.	Butler Burgher Group, Inc.	8300 Douglas Ave Ste 600	Dallas	TX	75225				

	A	B	C	D	E	F	G	H	I	J	K	L	M
194	CG-21748	Priambodo	Bagus		Duff & Phelps, LLC	1700 Pacific Avenue, Suite 1600	Dallas	TX	75201				
195	CG-21752	Fowler	Scott	A	Alvarez & Marsal	700 Louisiana St, Suite 3300	Houston	TX	77002				
196	CG-21375	Hodge	James	B.	Allen, Williford & Seale, Inc.	11999 Katy Freeway Ste 400	Houston	TX	77079				
197	CG-21367	Kilpatrick	John	A.	Greenfield Advisors, LLC	2101 4th Avenue Ste 820	Seattle	WA	98121				
198	CG-21877	Hanson	Erik	J.	Midwest Appraisal Group, Inc.	7601 University Avenue	Middleton	WI	53562				
199	CG-21626	Olson	Jeffrey	A.	Compass Land Consultants, Inc.	9559 Bolger Lake Road	Minocqua	WI	54548				
200	CG-21770	Steigerwaldt	William	M.	Compass Land Consultants, Inc.	9559 Bolger Lake Road	Minocqua	WI	54548				
201	CG-21507	Albrecht	John	P.		943 W Edge Place	New Richmond	WI	54017				
202	CG-21769	Crosby	Jesse	S	Crosby Analytics	310 South Division Street	Crowley	WY	82420				

EXHIBIT 4

	A	B	C	D	E	F	G	H	I	J	K	L	M	
1	9/17/2018	North Dakota Certified Residential Appraisers:												
2					TOTAL	85			28	East				
3					ND	56			19	Central				
4					Plus Neighboring cities MN	2			7	West				
5					ND/MN border total	58			18	outside MSA				
6					Less dedicated to one organization	-4				appraisers located in MSA				
7					Possibly available in state	54				cities in western ND referred to in letter				
8														
9	CR-21372	Callison	Patrick	L.	Patrick Callison Appraiser	299 Golden Harvest Drive	New Market	AL	35761					
10	CR-218123	O'Brien	Steven			16407 N 108th Place	Scottsdale	AZ	85255					
11	CR-218124	Froehlich	Martin	A.	Computershare	8742 Lucent Blvd #300	Denver	CO	80129					
12	CR-21146	Hennessey	Angela		Hennessey Appraisals	2659 South Charlotte Avenue	Boise	ID	83709					
13	CR-21261	Mendez	Benjamin		Mendez Appraisals	3049 S Fox Troop Place	Eagle	ID	83616					
14	CR-21255	Perry	Jared	B.	Perry Appraisals	4690 S Glenmere Way	Meridian	ID	83642					
15	CR-217119	Spalding	Lenard	A.	Lenard A. Spalding, ASA	15 Bar Harbour Rd #403	Schaumburg	IL	60193					
16	CR-21262	Schau	Dana	M.	Schau Appraisals, Inc.	1822 Greenwoods Drive	Jenison	MI	49428					
17	CR-218121	Antonian	Timothy	M.		3405 Plainview Street	Trenton	MI	48183					
18	CR-21487	LaValla	Jane	M.	LaValla Appraisal	105 5th Avenue NW	Baudette	MN	56623					
19	CR-21484	Trepanier	Thomas	R.	TRT Appraisals	49116 Teal Wing Drive	Bemidji	MN	56601					
20	CR-21151	Seitz	Michael	D.	Seitz Appraisal Services	3033 Golden Acres Drive	Billings	MN	59106					
21	CR-218120	Nelsen	James	P.	CoreLogic	8009 34th Ave S Ste 400	Bloomington	MN	55425					
22	CR-2907	Szymanski	Anthony	J.	Absolute Real Estate Services, LLC	9811 John Trail	Chisago City	MN	55013					
23	CR-2916	Birkeland	Penny	R.	Birkeland Appraisals	42639 Engstrom Beach Rd	Dent	MN	56528					
24	CR-21256	Tinjum	Clarissa	M.	US Bank	1344 Lori Avenue	Detroit Lakes	MN	56501					
25	CR-21489	Zingraf	Christy	R.	Appraisal Pros	PO Box 387	Hawley	MN	56549					
26	CR-21486	Mahan	Ruth	S.	RTM Group	1455 Parkview Rd	Maple Plain	MN	55359					
27	CR-21481	Vandever	Phillip	J.	Wells Fargo Bank	800 Park Avenue S	Minneapolis	MN	55415					
28	CR-21482	DeJong	Ryan	C.	RDI Appraisals	PO Box 818	Moorhead	MN	56561	East				
29	CR-217114	Oberg	Eric	A.	Huss Appraisals, Inc.	PO Box 966	Moorhead	MN	56561	East				
30	CR-21264	Schmaltz	Derek	M.	Lakeland Appraisal Services	46731 Poss Beach Rd	Pelican Rapids	MN	56572					
31										Location	County			
32	CR-21491	Boots	Leon	E.	Dakota Appraisal & Consultants	304 East Rosser Avenue	Bismarck	ND	58501	Central	Burleigh			
33	CR-218128	Hodenfield	Patricia	A.	Horizon Appraisal Services, LLC	1002 Voyager Drive	Bismarck	ND	58504	Central	Burleigh			
34	CR-2918	Kunick	Al	D.	Kunick Appraisal Services	1548 Oakland Drive	Bismarck	ND	58504	Central	Burleigh			
35	CR-2801	Maher	Belinda	M.	Dakota Appraisal & Consulting	304 East Rosser Avenue	Bismarck	ND	58501	Central	Burleigh			
36	CR-2908	Maier	Kathy	J.	Maier Appraisal & Consulting	PO Box 1051	Bismarck	ND	58502-1051	Central	Burleigh			
37	CR-21267	Sammons	Christopher	J.	Appraisal Group of ND	547 S 7th Street #114	Bismarck	ND	58504	Central	Burleigh			
38	CR-2920	Schmidt	Todd	F.	LifeScape Appraisals	3333 E Broadway Ave #1204	Bismarck	ND	58501	Central	Burleigh			
39	CR-216112	Schuler	Keana	M.	Premier Appraisals & Realty Services, Inc	2433 Atlas Drive	Bismarck	ND	58503	Central	Burleigh			
40	CR-2925	Smith	Gregory	J.	Main Street Appraisals, LLC	1321 Golden Eagle Lane	Bismarck	ND	58503	Central	Burleigh			
41	CR-2910	Wisniewski	Jason	J.	Action Appraisals, Inc.	530 Medora Avenue	Bismarck	ND	58503	Central	Burleigh			
42	CR-211145	Abaurrea	Aaron	P.	AA Appraisals, Inc.	351 7th Avenue S	Carrington	ND	58421	Central	Foster			
43	CR-2913	Miller	Tammy	L.	Velocity Appraisals	375 64th Avenue SE	Carrington	ND	58421	Central	Foster			
44	CR-21596	Dick	Tiffiney	J.	Riser Appraisal Services	1627 Hwy 9	Courtenay	ND	58426	Central	Stutsman			
45	CR-21266	Duchscher	Gregory	S.	Duchscher Appraisal Company, LLC	836 Senior Avenue	Dickinson	ND	58601	West	Stark			

	A	B	C	D	E	F	G	H	I	J	K	L	M
46	CR-21379	Duchscher	Nicholas	R.	Duchscher Appraisal Company, LLC	836 Senior Avenue	Dickinson	ND	58601	West	Stark		
47	CR-21148	Hirschfeld III	Joseph	J.	U.S. Appraisal Services of ND, LLC	893 Eaton Drive	Dickinson	ND	58601	West	Stark		
48	CR-2911	Berry	Kathryn	J.	Gate City Bank	500 2nd Avenue N	Fargo	ND	58102				
49	CR-21259	Day	Ronald	C.	Day Enterprises, LLC	1511 55th Avenue S	Fargo	ND	58104	East	Cass		
50	CR-218125	Koterba	Luke	J.	Blackdog Appraisal, Inc.	4267 41st Avenue S	Fargo	ND	58104	East	Cass		
51	CR-2921	Rusness	Sharon	A.	Gate City Bank	500 2nd Avenue N	Fargo	ND	58102				
52	CR-2903	Willert	Julie	L.	JLW Appraisal, LTD	922 Southwood Drive S	Fargo	ND	58103	East	Cass		
53	CR-2922	Wynn	George	J.	Wynn Appraisals, Inc.	37 36th Avenue NE	Fargo	ND	58102	East	Cass		
54	CR-21033	Dobbs	James	S.	Border Appraisals, Inc.	1644 Tom Williams Dr S Ste A	Fargo	ND	58104	East	Cass		
55	CR-21480	Everett	Christina	L.	Everett Appraisals	1445 18th Street S	Fargo	ND	58103	East	Cass		
56	CR-21034	Grande	Eric	M.	North Pointe Appraisals	1100 19th Avenue N	Fargo	ND	58102	East	Cass		
57	CR-21042	Hjelseth	Laura	J.	Border Appraisals	1644 Tom Williams Dr S Ste A	Fargo	ND	58104	East	Cass		
58	CR-2902	Knewtson	Lana	J.	Knewtson Appraisals	4169 58th Street S	Fargo	ND	58104	East	Cass		
59	CR-217115	Lang	Sara	J.	Lang Appraisals	4180 58th St S	Fargo	ND	58104	East	Cass		
60	CR-2915	Quirk	Anne	L.	Anne Quirk Appraisals	101 18th Avenue N	Fargo	ND	58102	East	Cass		
61	CR-2905	Anderson	Connley	M.	Reilly Appraisal Consultants, Inc.	1407 24th Ave S Ste 500	Grand Forks	ND	58201	East	Grand Forks		
62	CR-2929	Boettner	Peggy	J.	Anderson Appraisal, Inc.	1130 N 5th Street	Grand Forks	ND	58203	East	Grand Forks		
63	CR-2923	Lazur	Tami	J.	City of Grand Forks	255 N 4th Street	Grand Forks	ND	58203				
64	CR-218127	Ramage	Todd	D.	Appraisals & Real Estate Research	308 2nd Ave N #301	Grand Forks	ND	58203	East	Grand Forks		
65	CR-21373	Richard	Michel	J.	Red River Valuations, Inc.	7305 Ellis Lane	Horace	ND	58047	East	Cass		
66	CR-2932	Keller	Beth	L.	Keller Appraisal Services	1708 9th Avenue SE	Jamestown	ND	58401	Central	Stutsman		
67	CR-21147	Schwarz	Nathan	P.	Schwarz Appraisal Company	5355 159th Avenue SE	Kindred	ND	58051	East	Cass		
68	CR-21269	Gietzen	Robert	J.	Gietzen Appraisals	3228 Crested Drive N	Mandan	ND	58554	West	Morton		
69	CR-216108	Reynolds	Leah	J.	Reynolds Valuations, LLC	3412 Spruce Drive N	Mandan	ND	58554	West	Morton		
70	CR-217116	Helde	Slade	A.	ND Value	3428 15th Street SE	Minot	ND	58701	Central	Ward		
71	CR-2930	Knill	John	F.	Knill Appraisal Services, Inc.	617 23rd Street NW	Minot	ND	58703	Central	Ward		
72	CR-2926	Rylander	Dean	A.	North Country Appraisal	1829 S Broadway Suite L3	Minot	ND	58701	Central	Ward		
73	CR-2917	Roney-Hankey	Jana	M.	Prairie Appraisal Service, LLC	6874 138th Avenue NE	Park River	ND	58270	East	Walsh		
74	CR-21268	Koziol	Dareld	J.	Koziol Appraisal, Inc.	840 N 2nd Street	Wahpeton	ND	58075	East	Richland		
75	CR-2914	Valenzuela	Deanne	J.	Appraisal Services	PO Box 2345	Watford City	ND	58854	West	McKenzie		
76	CR-21488	Cassady	Jessica	A.	The Appraisal Office	1928 4th Avenue NW	West Fargo	ND	58078	East	Cass		
77	CR-21595	Fryslie	Erika	J.	Triebwasser Appraisal Service	705 13th Avenue E Ste 200	West Fargo	ND	58078	East	Cass		
78	CR-21037	Gast	Jeffrey	J.	Broadway Appraisals	637 35th Avenue E	West Fargo	ND	58078	East	Cass		
79	CR-21150	Huber	Dennis	J.	The Appraisal Office	1928 4th Avenue NW	West Fargo	ND	58078	East	Cass		
80	CR-21036	Quern	Melissa	M.	Quern Appraisals	413 19th Avenue NW	West Fargo	ND	58078	East	Cass		
81	CR-215104	Schumacher	Shantae	M.	Triebwasser Appraisal Service	705 13th Avenue E Ste 200	West Fargo	ND	58078	East	Cass		
82	CR-21493	Wynn	Carter	G.	Cass-Clay Appraisals, Inc.	PO Box 250	West Fargo	ND	58078	East	Cass		
83	CR-21492	TeSoro	Karmyn	M.	TeSoro Appraisal Services of Williston	1534 Creekside Dr W	Williston	ND	58801	West	Williams		
84	CR-21598	Schlenvogt	Matthew	L.	Gate City Bank	500 2nd Avenue N	Fargo	ND	58102				
85	CR-215100	Knoll	Robert	C.	Knoll Appraisals, Inc.	809 Bryan Trail	Mandan	ND	58554	East	Morton		
86	CR-2928	Haaland	Brent	M.	Knill Appraisal Service	617 23rd Street NW	Minot	ND	58703	Central	Ward		
87	CR-216107	Mosset	Derek	R.	Mosset Appraisals, LLC	412 1st Street SW	Steele	ND	58482	Central	kidder		
88													
89	CR-218117	Ascioli	Christopher	A.		6001 Moon Street NE, apt 1321	Albuquerque	NM	87111				
90	CR-218126	O'Brien	Timothy	J.	Clear Capital	300 2nd Street Suite 1400	Reno	NV	89501				
91	CR-217113	Mohr	Ryan	J.	D.L. Mohr Appraisals	923 15th Avenue NE	Aberdeen	SD	57401				

	A	B	C	D	E	F	G	H	I	J	K	L	M
92	CR-21375	Kahlig	David	W.	David W. Kahlig	8408 Stephanie Drive N	North Richland Hills	TX	76182				
93	CR-21597	Heeren	John	P.		3217 Lakeway Drive	Weatherford	TX	76087				
94	CR-218118	Garman	Taina	N.	Mountain Plains Appraisals	540 Trabing Rd	Buffalo	WY	82834				
95	CR-218119	Parker	Tanna	F.	Mountain Plains Appraisals	540 Trabing Rd	Buffalo	WY	82834				

EXHIBIT 5

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	9/17/2018	North Dakota Licensed Appraisers:														
2					TOTAL	30					2	West				
3					ND	26					14	Central				
4					Plus Neighboring cities MN	1					10	East				
5					ND/MN border total	27					9	Outside MSA				
6					Less dedicated to one organization	-1						appraisers located in MSA				
7					Possibly available in state	26						cities in western ND referred to in letter				
8												Location	County			
9	LA-21422	Austad	Jason	P.	Austad Appraisals, LLC	8300 12th Street SE	Bismarck	ND	58504			Central	Burleigh			
10	LA-1010	Barta	Richard	L.	Barta Appraisals	PO Box 1703	Bismarck	ND	58502			Central	Burleigh			
11	LA-1033	Connor	Patrick	J.	Patrick Connor Appraisals	319 6th Street W	West Fargo	ND	58078			East	Cass			
12	LA-21526	Danuser	Reed	H.	Danuser Consulting	18105th Avenue S	Fargo	ND	58103			East	Cass			
13	LA-21421	Dockter	Chase	J.	Capital Appraisals, LLC	3748 Heartland Drive	Bismarck	ND	58503			Central	Burleigh			
14	LA-2602	Dosch	Tonia	M.	Integrity Appraisals	216 Main Avenue S	Rugby	ND	58368			Central	Pierce			
15	LA-1017	Emter	Gary	J.		808 Mannhaven Street	Hazen	ND	58545			Central	Mercer			
16	LA-21006	Greer	Lane	A.	LG Appraisals	1722 5th Avenue S	Fargo	ND	58103			East	Cass			
17	LA-1165	Kerzman	Daryl	F.	Kerzman Appraisal Service, Inc.	605 11th Street NW	Mandan	ND	58554			Central	Morton			
18	LA-21313	Kluck	Angela	S.	Capital Appraisals, LLC	3748 Heartland Drive	Bismarck	ND	58503			Central	Burleigh			
19	LA-2401	Leraas	Gary	L.	The Appraisal Office	1928 4th Avenue NW	West Fargo	ND	58078			East	Cass			
20	LA-2313	Llewellyn	Kathleen	M.	Kathey's Appraisals, Inc.	4302 13th Ave S #4-339	Fargo	ND	58103			East	Cass			
21	LA-2312	Meyer	Janet	L.	Merrill E & Janet Meyer, LLP	1080 149th Avenue NE	Portland	ND	58274			East	Traill			
22	LA-21628	Olson	Casey	J.	Midwest Appraisals	910 2nd Avenue NW	Minot	ND	58703			Central	Ward			
23	LA-21627	Pollard	Gretta	S.	Weisser Appraisals	7 Loon Lake	Bottineau	ND	58318			Central	Bottineau			
24	LA-2601	Ryan	Mark	D.	Ryan Appraisal	404 4th Street NW Ste 2-B	East Grand Forks	MN	56721			East				
25	LA-2903	Schmidt	Nancy	C.	LifeScape Appraisals	3333 E Broadway 1204	Bismarck	ND	58501			Central	Burleigh			
26	LA-1025	Schoenbom	Bernhardt	G.	Schoenbom Appraisal Service	816 20th Avenue SW	Minot	ND	58701			West	Ward			
27	LA-2904	Schreiner	Sheila	A.	City of Grand Forks-Assessing Dept.	255 N 4th Street	Grand Forks	ND	58201							
28	LA-21314	Schwandt	Diane	K.	Cahill Appraisal Service	9716 Hwy 30	Rolla	ND	58367			Central	Rolette			
29	LA-21102	Seiler	Marta	L.	5 Star Appraisals	853 Elm Avenue	Dickinson	ND	58601			West	Stark			
30	LA-1039	Solum	Colin	J.	Solum Appraisals	1837 19th Street S	Fargo	ND	58103			East	Cass			
31	LA-21311	Stebner	Dennis	L.	Appraisal Services	208 6th Avenue N	Ellendale	ND	58436			Central	Dickey			
32	LA-21101	Thelen	Mark	T.	Thelen Appraisal	3633 17th Street S	Fargo	ND	58104			East	Cass			
33	LA-21316	Vetter	Steven	M.	The Appraisal Office	804 S 17th Street	Grand Forks	ND	58201			East	Grand Forks			
34	LA-1066	Voegele	Brent	A.	Voegele Appraisal Service, Inc.	314 E Thayer Avenue Ste	Bismarck	ND	58501			Central	Burleigh			
35	LA-21312	Williamson	Matthew	W	Souris Valley Appraisal, LLC	2701 43rd Avenue SE	Minot	ND	58701			Central	Ward			
36																
37	LA-21730	Baughman	Jessica	B	Red Bell Real Estate	3232 East Hollyhock Hill	Salt Lake City	UT	84121							
38	LA-21729	Frazier	Stephen	T.		1609 Canal Drive	Little Elm	TX	75068							
39	LA-2308	Krueger	Dwight	H.	Eagle Appraisal, Inc.	PO Box 1634 230 Street	Kent	MN	56553							

EXHIBIT 6



Via Electronic Mail Arthur.lindo@frb.gov
August 29, 2018

3001 25th St S
PO Box 10938
Fargo, ND 58103
(701) 232-1700
firstintlbank.com

Mr. Arthur Lindo
Chairman
Appraisal Subcommittee
1401 H Street NW Suite 760
Washington D.C. 20005

RE: Temporary Waiver Request from North Dakota

Dear Mr. Lindo:

I am writing you to express our Bank's support for the August 1, 2018 request from the State of North Dakota Department of Financial Institutions (ND DFI) for a temporary waiver proceeding under 12 CFR 1102.

First International Bank & Trust is a North Dakota chartered community bank with over \$2.5B in assets. We emphatically concur with the ND DFI's statements regarding the difficulty in finding qualified appraisers for residential and smaller commercial loans in North Dakota. Our economy has been booming and new residents moving to the state every day. This has resulted in a housing shortage and excessive delays and high costs in obtaining mortgage loans adds to the problem. This is exacerbated by the rural nature of the state which makes finding comparables difficult. The combination of high demand, lack of appraisers and lack of comparables results in a difficult situation for North Dakota mortgage loan applicants and can cause people to lose out on the home of their choice at worst and increase the cost at best.

Accompanying the request of the ND DFI were a number of letters from North Dakota institutions that provided detail on the delays and other problems experienced by with appraisals and appraiser availability. First International Bank & Trust does a large number of residential and business loans \$500,000/\$1,000,000 and under each year and similarly struggles finding qualified appraisers and obtaining timely appraisals. Raising the threshold for internal appraisals would ease the burden and assist home buyers in obtaining mortgage financing without endangering the stability of our financial institutions.

First International Bank & Trust accordingly whole heartedly supports the request of the ND DFI for a temporary waiver of requirements for federally related real estate mortgage loan transactions for which a bank or credit union is the mortgagee and for which the principal

balance, secured by real estate in North Dakota, does not exceed \$1 million for a business or farm loan or \$500,000 for a residential real estate transaction.

Please feel free to contact me with any questions.

Sincerely,

FIRST INTERNATIONAL BANK & TRUST

A handwritten signature in blue ink, appearing to read "P. Stenehjem", with a long horizontal flourish extending to the right.

Peter Stenehjem
President

EXHIBIT 7



October 29, 2018

Lise Kruse, Commissioner
ND Department of Financial Institutions
2000 Schafer Street, Suite G
Bismarck ND 58501

RE: Appraisal Data

Ms. Kruse:
In support of your effort to provide regulatory relief to North Dakota community banks and their customers, we are providing the data noted below as it pertains to appraisals ordered by Bank Forward.

As of September 18, 2018, the Appraisal Institute website indicates there are 306 Licensed, Certified Residential or Certified General appraisers in the state of North Dakota.

30	Licensed Appraisers
-1	City Assessor
-2	Out-of-Market Area
<hr/>	
27	Licensed Appraisers for Bank Forward to Choose From
85	Certified Residential Appraisers
-6	Competitor Employee or City Assessor Office
-2	Non-Active
-21	Out-of-Market Area
<hr/>	
56	Certified Residential Appraisers for Bank Forward to Choose From
191	Certified General Appraisers
-25	Competitor Employee or City Assessor Office
-79	Out-of-Market Area
<hr/>	
87	Certified General Appraisers for Bank Forward to Choose From
170	Total In-Market Area Appraisers Available

After analyzing the list, there are 170 appraisers that we feel would be appropriate for use by Bank Forward in our North Dakota markets. Of those 170 appraisers, the following numbers reflect how many are located within Bank Forward branch areas in North Dakota:

2	New Rockford
2	Cooperstown
3	Carrington
5	Jamestown
4	Valley City
18	Fargo
10	Grand Forks

We try to rotate assignments and not engage one appraiser solely. An appraiser outside our area can be utilized; however, this comes with an increase in cost and time for our borrower.

This is a comparison of Bank Forward's 2018 YTD average cost for a 1-4 Family Residential Appraisal for our North Dakota offices versus our Minnesota offices:

\$690	Jamestown, ND
\$580	Grand Forks, ND
\$560	Valley City, ND
\$480	Walker, MN
\$450	Bemidji, MN

In reviewing the date we received our appraisal versus the mutually agreed upon date of delivery, we found 9 instances where there was a delay of 5 days or greater in the past 12 months for our 1-4 Family Residential appraisals for our North Dakota offices.

The number of instances where we received our appraisal 5 or more days after the mutually agreed upon appraisal delivery date increased to 11 in the past 12 months for Commercial Appraisals for our North Dakota offices.

If you have any questions, please do not hesitate to contact me. We appreciate your support for North Dakota banks!

Sincerely,



Lois Bednar
SVP / Chief Risk Officer

INITIAL LETTER



August 1, 2018

Secretary
Appraisal Subcommittee
2000 K Street, N.W., Suite 310
Washington, DC 20006

RE: Temporary Waiver Request, 12 CFR Part 1102, Subpart A

Dear Sir or Madam:

The North Dakota Department of Financial Institutions ("NDDFI") and the North Dakota Bankers Association ("NDBA") request the Appraisal Subcommittee ("ASC") to exercise its discretionary authority to initiate a temporary waiver proceeding for a determination under subsection 1102.2(a) of Subpart A to 12 CFR Part 1102, Appraiser Regulation, of scarcity of licensed or certified appraisers leading to significant delays in obtaining appraisals in federally related transaction throughout the state of North Dakota.¹ Specifically, Applicants request waiver of requirements for federally related real estate mortgage loan transactions for which a bank or credit union is the mortgagee and for which the principal balance, secured by real estate within North Dakota, does not exceed \$1 million for a business or farm loan or \$500,000 for a residential real estate transaction.

Recent regulatory changes made as an effort to improve appraiser availability will take time before any positive effects can be realized. Accordingly, a waiver that is subject to periodic review and extension rather than a fixed term is a reasonable remedy at this time. However, if the subcommittee views an indefinite duration as being inconsistent with a "temporary" waiver, Applicants request an initial waiver term of not less than five years.

In support of this request, Applicants submit the following:

¹ A temporary waiver was listed as one of two existing options to address appraiser shortages in the Interagency Advisory on the Availability of Appraisers dated May 31, 2017 <https://www.occ.gov/news-issuances/news-releases/2017/nr-ia-2017-60a.pdf>.

Interest of Applicants:

Governor Doug Burgum

Doug Burgum is Governor of the State of North Dakota. One of Governor Burgum's primary economic development programs is the Main Street Initiative. There are three pillars to the Governor's Initiative: a skilled workforce; smart, efficient infrastructure; and healthy, vibrant communities. Critical to the success of the Main Street Initiative is timely, affordable financing for homebuyers, agricultural operations, and small businesses.²

North Dakota is a predominantly rural state. The State, with a U.S. Census estimated population of 755,393 as of July 1, 2017, ranks 47th among the states in population. Notwithstanding its small population, North Dakota has experienced substantial growth over the past several years – increasing from 28th in 2007 to 11th in 2017 for the U.S. in per capita personal income.³

The largest city is Fargo with 120,762 residents. There are three Metropolitan Statistical Areas in North Dakota: 241,356 (Fargo, ND and Moorhead, MN); 132,142 (Bismarck and Mandan, ND); and 102,414 (Grand Forks, ND and East Grand Forks, MN). However, the population of most North Dakota communities and counties is considerably fewer than 5,000 people.⁴

Housing is among the most acute needs faced by North Dakota. According to U.S. Census Bureau statistics, from 2010 through mid-2017, the top three fastest growing counties in the U.S. in terms of housing units are in North Dakota and, of the top 23 fastest growing counties, 8 are in North Dakota (Exhibit 1). Without timely, affordable housing, workers are not able to take advantage of the job opportunities that exist in rural areas of the U.S.⁵, including more than 14,000 available jobs in North Dakota alone.

Commissioner Lise Kruse

Lise Kruse is the North Dakota State Commissioner for the North Dakota Department of Financial Institutions (NDDFI). She is an appointee of the Governor and serves as a member of his Cabinet. NDDFI, under the supervision of the State Banking Board, State Credit Union Board, and Commissioner, is the state bank and credit union supervisory and examining agency for the State of North Dakota.⁶ As state supervisor, NDDFI is responsible for supervising and examining North Dakota's 69 state-chartered banks and its 21 state-chartered credit unions to ensure the safety and soundness of their operations is in compliance with applicable state and federal rules and regulations, and to protect the interests of their North Dakota customers. NDDFI has entered cooperative agreements with Federal Deposit

² Additional details regarding Governor Burgum's Main Street Initiative may be accessed at <https://www.governor.nd.gov/five-strategic-initiatives-north-dakota> or <https://www.mainstreetnd.com/>.

³ The U.S. Department of Commerce Bureau of Economic Analysis overview of North Dakota personal income may be accessed at: <https://bea.gov/regional/bearfacts/pdf.cfm?fips=38000&areatype=STATE&geotype=3>

⁴ Additional details regarding population and population distribution may be accessed at <https://www.ndworkforceintelligence.com/vosnet/analyzer/results.aspx?enc=LHW0SsK4neXauBz16j06Yg==>.

⁵ See "Rural America Has Jobs. Now It Just Needs Housing.", *Wall Street Journal*, May 20, 2018: <https://www.wsj.com/articles/scarcity-of-housing-in-rural-america-drives-worker-shortage-1527672602?mod=searchresults&page=1&pos=1>.

⁶ See N.D.Cent. Code Ch.6-01, <http://www.legis.nd.gov/cencode/t06.html>.

Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, and the National Credit Union Administration (NCUA) to coordinate and share these duties. Commissioner Kruse, the State Banking Board, and the State Credit Union Board are fundamentally interested in the safe and sound operation of North Dakota's financial institutions and the availability of credit for consumers, farmers, and businesses.

As of December 31, 2017, there were 76 banks chartered in North Dakota (69 state-charters and 7 national charters) with total assets of \$28.8 billion. As of that date there were 36 credit unions (21 state-charters and 15 national charters) with total assets of \$3.7 billion. With the exception of branches of one large national bank and one regional bank, all banks and credit unions operating throughout North Dakota are small, and most are, by national standards, very small institutions. The largest North Dakota state-chartered bank has \$4.8 billion in assets while the smallest has \$20.8 million in assets as of December 31, 2017. Exhibit 2 shows the North Dakota state-chartered bank size distribution.

North Dakota Bankers Association

The North Dakota Bankers Association (NDBA) is a state-wide, bank trade association. NDBA's 70 members are state banks, national banks and federal savings associations which operate and serve consumers, farmers and commercial customers throughout North Dakota. Depending upon their business model, as FDIC-insured institutions, NDBA member banks are engaged in federally related transactions in the form of real estate mortgage loans whether for residential, commercial or farm and agricultural purposes.

The Applicants are fundamentally interested in the development and maintenance of a system of supervision and regulation that allows North Dakota mortgage lenders to meet reasonable and prudent customer demand for mortgage loans in a timely and cost-effective manner without compromising the safety and soundness of any financial institution. The requested waiver is consistent and appropriate to that common purpose.

(1) *Applicable Laws*

Congress enacted the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Title XI of FIRREA requires federally regulated financial institutions to use state certified or licensed appraisers to perform appraisals for federally related real estate transactions. In response to FIERRA, the North Dakota Legislature adopted a requirement that state-chartered banks use licensed or certified appraisers to evaluate real estate collateral, if also required by federal law. N.D.C.C. section 6-03-05. In response to the 2008 financial crisis, more federal law requirements were added for federally related real estate transactions. Again, the North Dakota Legislature, as well as other state legislatures, responded with state laws to conform appraiser licensing and certification standards to federal requirements, *see e.g.*, N.D.C.C. Ch. 43-23.3. Applicants request a waiver so that North Dakota banks and credit unions can obtain evaluations of real estate from individuals other than licensed and certified appraisers, subject to the limitations addressed further in this application. North Dakota statutes affected by the waiver application are discussed below.

N.D.C.C. Ch. 43-23.3, specifically, N.D.C.C. § 43-23.3-04, relating to licensure and certification of appraisers, N.D.C.C. § 43-23.3-05, relating to the obligation of an individual to apply for a permit, and N.D.C.C. Ch. 43-23.5 relating to appraisal management companies. Copies of those chapters of state law are included with this application (Exhibit 3 and 4) and are also available at

<http://www.legis.nd.gov/cencode/t43c23-3.pdf> and <http://www.legis.nd.gov/cencode/t43c23-5.pdf>.

With a waiver and within the requirements of remaining, applicable regulations, North Dakota banks and credit unions will be able to assess the type of valuation that is appropriate for a given tract of proposed real estate collateral and be able to have that valuation made by any qualified person as determined by the lender, irrespective of that person's licensure or certification as an appraiser under North Dakota law. Waiver is being sought of both the aforementioned statutes and their associated regulations.

Applicants are not requesting a waiver from N.D.C.C. section 6-03-05 and N.D.A.C. sections 13-02-20 and 13-03-02, which establish foundational safety and soundness prerequisites for real estate loans by banks and credit unions. Copies of these statutes and regulations are included with this application (Exhibit 5, 6 and 7) and is also available at <http://www.legis.nd.gov/cencode/t06c03.pdf> and via <http://www.legis.nd.gov/cencode/t06.html>. N.D.C.C. section 6-03-05 mandates "an appropriate evaluation of real property collateral for transactions that do not require an appraisal by a licensed or certified appraiser []" and specifically reserves to the Commissioner the authority to require "an appraisal by a licensed or certified appraiser when necessary to address safety and soundness concerns." Similar authority rests with primary federal regulators and applies to national banks, federal savings banks, and state banks subject to supervision by the FDIC or the Federal Reserve Bank of Minneapolis and credit unions subject to supervision by the NCUA. *As noted, other existing state and federal regulations to address loan-to-value limits, limit loan concentrations, and otherwise govern prudent lending practices for evaluation of real property are neither waived nor affected by a waiver of appraisal requirements.*

(2) Problems Currently Being Encountered

North Dakota banks, credit unions, and others interested in real estate lending practices have long encountered unreasonable delays and excessive costs for real estate appraisals required for federally related transactions. Problems are of significant duration and of such severity as to generate legislative concern and frustration as well as frustration for customers, real estate professionals, and lenders. See for example, Leg. History S.B. 2187 (2011): <http://www.legis.nd.gov/files/resource/62-2011/library/sb2187.pdf> and Leg. History H.B. 1216 (2013): <http://www.legis.nd.gov/files/resource/63-2013/library/hb1216.pdf>. In the current rising rate environment delayed appraisals can cause customers to lose out on favorable interest rates or incur increased costs as rate locks expire or must be extended, and, even more egregiously, can even cause a buyer to lose the opportunity to purchase a home at all because of competition from cash buyers. Tardiness in the appraisal process can also cause delayed project starts. Such delays are seriously detrimental in a state such as North Dakota where customers face a short building season due to extreme cold temperatures in the winter time. Adding to customer frustration is the fact that North Dakota farmers can buy and finance a \$500,000 tractor or combine more quickly and easily than can be done with a building project of similar cost, partly due to having to wait for an appraisal.

Excessive delays and high costs are especially problematic in rural areas and areas experiencing housing shortages. Bank of North Dakota reports current appraisal turnaround of 8 weeks on average for direct farm real estate loans (and up to 11 weeks in the last 3 months) and average turnaround of 36 days (and up to 3 months) for residential real estate loans in rural areas. However, unacceptable delays also have been experienced in more urban settings, several of which faced housing shortages and construction “booms” in connection with development of North Dakota’s oil fields. Interestingly, according to local lenders, the much-discussed slowdown in oil and agriculture sectors has not alleviated the problem in any significant way. In oil impacted areas of North Dakota, as in the city of Williston market, residential real estate appraisals continue to take an excessively long 5-6 weeks on average. Although this has improved from 9-12 weeks at the height of the boom, it is still a slow turnaround time with only 5 active appraisers serving the city. Commercial and agricultural appraisal turnaround times have also improved from 3-4 months to the still slow 3-8 weeks. Only 4 active commercial appraisers and 2 agricultural appraisers are reported to serve in this market. To help alleviate the local appraiser shortage and to shorten the time-frame, one institution has contracted with an appraiser from Idaho that comes to the Williston area once a month. Furthermore, although institutions report they have several appraisers on their list, some of these are for specialized commercial projects only.

In addition, the slowdown in the oil sector now appears to be over, with shortages of housing and continued real estate development demands growing. See, e.g., “Williston housing shortage could have regional repercussions”, *The Bismarck Tribune*, April 7, 2018⁷ (Exhibit 8). With the resurgence of oil development and production, mortgage lenders are anticipating turnaround time for appraisals will be increasing.

Financial institutions report that appraisals are more costly the further away from a larger city the project is; and appraisers appear selective in choosing a property; routinely avoiding more complex and unique properties. Overall, the lack of appraisers hurts consumers’ timely credit availability, slows down economic development and thus further threatens the viability of rural communities. Bank of North Dakota reports appraisal costs for direct farm loans ranging from \$950 to \$2,950 and an average cost for residential appraisals as \$762 and up to \$1,000 in northwestern North Dakota.

(3) Nature of the Scarcity

The scarcity of appraisers in North Dakota appears to have the similar causes as the national scarcity: an aging and insular population of appraisers, high entry barriers, and many licensees who are not actually located in North Dakota or offer their services only on a part-time basis or to a specific employer.

Despite recent modification by the Appraisal Qualification Board (“AQB”), North Dakota standards are not yet revised. Until revisions are accomplished state regulations will continue to impose overly severe entry requirements in terms of education levels and experience. Additionally, North Dakota’s population of resident appraisers is aging and retiring without replacements coming up through the ranks. Meanwhile, there seems to be a reluctance by experienced appraisers to hire and train their

⁷ The article can also be accessed at: https://bismarcktribune.com/business/local/williston-housing-shortage-could-have-regional-repercussions/article_1cef7907-ea2c-5f39-97a6-cce7e1ca621e.html.

“future competition” even though candidates for licensure and certification as appraisers must meet stringent and specific requirements for experience.

The April 17, 2018, list of certified general appraisers obtained from the ND Real Estate Appraiser Qualifications and Ethics Board website, shows 183 certified general appraisers; only 75 of these are located in North Dakota. The number of certified general appraisers increased from 40 licensed appraisers for 2012 to 195 licensed general appraisers for 2014 but has since remained static or decreased somewhat in 2018. However, bare numbers of licenses may not accurately show availability to local lenders and their borrowers. Numerous licensees appear not to provide services to the general public while others are located out-of-state, a situation that complicates provision of services in rural North Dakota and, possibly, causes greater difficulty assessing the local market. Both lenders *and examiners* routinely observe that the local lenders are typically better prepared to accurately assess the value of collateral, especially in the rural areas where comparable sales are limited.

North Dakota financial institutions have not been formally tracking appraiser numbers, turnaround times, or transactions thwarted by appraisal problems because the need to obtain an appraisal in compliance with appraisal regulations has not depended on appraiser availability and timeliness. Even so, institutions have experienced and complained about the lack of appraisal services for many years, even decades.⁸

In the meantime, the North Dakota population has grown substantially while the number of appraisers has stayed static or been reduced. In 2010 the population of North Dakota was 672,585. By 2017, the population had grown 12.3 percent to 755,393. Despite a much publicized economic downturn, state population levels have remained level.⁹

The scarcity of appraisers may also be a result of the overall labor shortage experienced in North Dakota. North Dakota’s unemployment rate adjusted for seasonality was 2.6 percent in March 2018 with 14,738 jobs available.¹⁰

(4) Extent of Experienced Delays and Cause

Several North Dakota financial institutions have submitted letters in which they provide detailed descriptions of the delays and other problems which they have and continue to experience. These letters are included with this application (Exhibits 9-14). The information in these letters is wholly consistent with concerns raised by banks in a November 16, 2017, roundtable discussion initiated by the FDIC about problems with appraisals and appraiser availability. Participants included representatives from the FDIC, Office of the Comptroller of the Currency, Conference of State Bank Supervisors (CSBS),

⁸ As noted, appraiser problems and issues have existed for many years and have not been successfully addressed as shown by legislative efforts to address complaints raised, primarily, by the public: Leg. History S.B. 2187 (2011): <http://www.legis.nd.gov/files/resource/62-2011/library/sb2187.pdf> and Leg. History H.B. 1216 (2013): <http://www.legis.nd.gov/files/resource/63-2013/library/hb1216.pdf>.

⁹ In 2017, North Dakota experienced its first population drop in 15 years, with a reduction of 155 individuals, https://bismarcktribune.com/news/state-and-regional/north-dakota-drops-in-population-for-first-time-in-years/article_b945a779-4285-5f3d-9f58-b333b64678e6.html.

¹⁰ North Dakota Labor Force and Unemployment Statistics are found at: <https://www.ndworkforceintelligence.com/gsipub/index.asp?docid=543>.

NDDFI, six community bankers, Bank of North Dakota, Independent Community Bankers of ND (ICBND), and NDBA. In a frank discussion, our bankers reported experiences where delays (of up to more than one year) caused business transactions to fall through, house purchases lost to cash buyers who did not need a loan to finance the transaction and could close without an appraisal, and, occasionally, loans that were closed even though the appraisal was not then received.

(5) Recent Changes in Standards

Applicants recognize and appreciate recent changes by the AQB to address and mitigate the unintended effects of standards that have turned out to be barriers to entry to the appraisers' profession. Although the adoption of the new standards is not mandatory for states, we would expect the state Appraisal Board to give the new standards consideration now that they are effective. However, any positive effects of the changes (in terms of increasing the supply of qualified appraisers in North Dakota) is entirely speculative at this point and will, in any case, take several years to be realized. For that reason, the changes in standards should not be held to affect this application for waiver.

A similar situation exists regarding the recent adoption as law of S. 2155, a bipartisan bill negotiated in part and co-sponsored by North Dakota Senator Heitkamp. This legislation does provide some relief from current appraisal requirements however, its impact and application in practice is still unclear. Also, interagency rules increased appraisal requirements to \$500,000 for commercial loans. Financial institutions report a \$500,000 threshold does not provide adequate relief since commercial loans are usually larger, and 1-4 family and real estate development loans were excluded from eligibility for any relief.

Nonetheless, these efforts by the AQB, regulatory agencies, and Congress recognize the current regulatory scheme for appraisers and required appraisals have caused and are harming consumers, businesses, farmers and financial institutions in North Dakota and elsewhere, and that action to mitigate the ill effects of the current requirements is appropriate if safety and soundness concerns can be addressed as they can under existing North Dakota and federal banking laws, regulations, and policies. Also, to reduce the burden to consumers, Freddie Mac and Fannie Mae are now accepting certain mortgages without appraisals, relying on technology and algorithms to protect against risk.¹¹ Similarly, Bank of North Dakota, which participates in larger real estate loans, and also purchases residential real estate loans from North Dakota banks and credit unions, is open to revising its requirements to reflect the availability of an evaluation rather than an appraisal if the application for a waiver is granted.

Although a frustration to lenders, consumers and other potential borrowers are the ones actually being harmed by the cost and lack of timely appraisals. When housing is in high demand, there is always tension between a moderate income buyer, whose purchase must be supported by a loan, and cash

¹¹ Fannie Mae's August 18, 2017, statement is found at:

<http://www.fanniemae.com/portal/media/statements/2017/statement-piw-for-purchase-081817.html> and a [Washington Post June 21, 2017](#), article discusses the initiative at:

https://www.washingtonpost.com/realestate/for-fannie-and-freddie-appraisals-are-not-always-necessary/2017/06/19/18032bfc-54fc-11e7-ba90-f5875b7d1876_story.html?utm_term=.85757f759acd. A [Washington Post April 30, 2018](#), indicates a saving of \$30 million to consumers:

https://www.washingtonpost.com/realestate/fannie-and-freddie-approve-thousands-of-loans-with-no-formal-appraisals/2018/04/30/50503d9c-4c95-11e8-af46-b1d6dc0d9bfe_story.html?noredirect=on.

buyers. Indeed, North Dakota lenders do report instances in which moderate income buyers have lost the opportunity to close on a house because the seller and cash buyer could close a transaction more quickly and with a lot less red tape. Beyond that, the cost of appraisals is ordinarily borne by the borrower. As prices increase and delays grow with distance between a customer's location and appraiser's, rural customers suffer the most. An approval of a temporary waiver would give borrowers more options than now exist. If a financial institution decides to take advantage of a granted waiver and believes an internal evaluation can satisfactorily establish the value of collateral for the lender's purposes, the customer remains free to order an appraisal independently from the lender, bearing the same cost as now occurs.

Additional Information

There are several circumstances to distinguish North Dakota from other parts of the country in the context of a temporary waiver of appraisal requirements.

Enhanced appraisal requirements were imposed as a response to irresponsible mortgage lending and appraisal practices that led to the 2008 financial crisis and many financial institution failures. North Dakota financial institutions neither engaged in the imprudent practices nor failed as a result. If anything, the prudence of North Dakota bankers is very well established. No North Dakota bank or thrift has failed since early 1991. During the oil "boom" of the recent past, no North Dakota bank or credit union over-extended itself. Since the "slowdown" of the past four years or so, North Dakota financial institutions have demonstrated their commitment to prudent lending; even as the economic stresses have adversely affected borrowers, North Dakota financial institutions remain safe and sound. Overwhelmingly, after four years of slowdown, North Dakota banks continue to be highly rated for financial soundness and management. For example, as of December 31, 2017, the average nonperforming loans (past due 90+ days and nonaccrual) to total loans ratio was 0.83 in North Dakota, compared to 1.17 for all FDIC insured institutions. During the last recession, the number was as high as 5.64 nationally (Q1 2010) while North Dakota's number never went higher than 1.75 (Q2 2010).¹² North Dakota lenders' responsible lending practices are also demonstrated by North Dakota's longtime and continuing status as one of the best performing states in terms of foreclosures. According to Realty Trac, as of May 2018, the U.S. foreclosure rate is 1/1,835 housing units. At the same time, after approximately four years of downturn, North Dakota's rate is 1/32,471 housing units.¹³ Credit is due to our prudent lenders and incentivized by laws that make it virtually impossible for a North Dakota lender to obtain a deficiency judgment in a real estate foreclosure action. North Dakota banks and credit unions base real estate mortgage loans on repayment ability in addition to "value" collateral because under North Dakota's foreclosure laws the lender bears virtually all risk of reduced collateral value (Exhibit 15). There is simply no reason to suspect the relief that can be provided through a waiver will have any adverse effect on the practices of North Dakota financial institutions.

¹² Federal Financial Institutions Examination Council (US), Nonperforming Loans (past due 90+ days plus nonaccrual) to Total Loans for Banks in North Dakota [NDNPTL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/NDNPTL>, June 25, 2018.

¹³ See <https://www.realtytrac.com/statsandtrends/foreclosuretrends/nd>, North Dakota Real Estate Trends and Market Information. Other foreclosure reporting sites report similar results.

Safe and sound lending principles dictate that any loan should be made based on the repayment ability of the borrower; any collateral would be a secondary repayment option. Although financial institutions must assess the value of the collateral to ensure protection in the event of default, the value of collateral can be determined by an evaluation rather than a certified appraisal. In an economic downturn, the property's value will decrease, and an appraised value will be obsolete. A lender is not obligated to take advantage of the waiver if they deem an appraisal appropriate or necessary to determine a property's value.

If a temporary waiver is granted, the largest benefits will accrue to rural banks, credit unions and their customers. This is because larger, urban institutions have established secondary market outlets, and liquidity, and appraiser relationships which they are not likely to disrupt based upon a temporary waiver. On the other hand, rural lenders tend to keep real estate loans in their portfolios. However, as noted above, should there be a need for a secondary market outlet that accepts loans supported by evaluations, Fannie Mae, Freddie Mac, and potentially, Bank of North Dakota exist and can operate in that capacity.

As stated above, Applicants request a waiver that is subject to periodic review and extension rather than a fixed term. However, if the subcommittee views that as being inconsistent with a "temporary" waiver, Applicants request an initial waiver term of not less than five years. This will allow time to determine the effect of moderated standards as contemplated by the AQB and any legislative changes that may be accomplished in the interim.

Conclusions

North Dakota financial institutions are community-based and relationship-oriented. They know their customers and know their markets. Applicants expect North Dakota financial institutions to respond to a waiver by acting judiciously in light of market circumstances and economic conditions. Financial institutions will continue to operate responsibly even as they have more flexibility to timely serve their customers as certain real estate loans are made with in-house or third-party evaluations in compliance with evaluation regulations and guidelines such as the *Interagency Appraisal and Evaluation Guidelines*. It is likely there would be a somewhat reduced demand for appraiser services. This will allow the existing supply of appraisers to focus their specialized expertise on projects, that because of contractual requirements or demands of the secondary market, size, or other characteristics, justify a formal appraisal.

For the reasons stated above, Applicants are confident that a temporary waiver will be in the interest and to the benefit of consumers, banks and credit unions, and believe circumstances existing in North Dakota warrant discretionary subcommittee action for a temporary appraisal waiver, and respectfully request the waiver be given as provided in this Application.

Applicants request the opportunity to present oral testimony at a hearing in support of this application.

Appraisal Subcommittee

August 1, 2018

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Contacts

For additional information please contact Commissioner Lise Kruse or NDBA President Rick Clayburgh.

Sincerely Yours,



The Honorable Doug Burgum, Governor
State of North Dakota



Lise Kruse, Commissioner
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(701) 328-9938



Rick Clayburgh, President & CEO
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(701) 223-5303

CC: North Dakota Real Estate Appraiser Qualifications and Ethics Board
North Dakota Congressional Delegates