

NORTH DAKOTA REAL ESTATE APPRAISER QUALIFICATIONS AND ETHICS BOARD

PO BOX 1336
BISMARCK, NORTH DAKOTA 58502-1336
TELEPHONE & FAX: (701) 222-1051
Website: www.ndappraiserboard.org
E-mail: jcampbell@bis.midco.net

July 25, 2020

Mr. James R. Park
Executive Director
Appraisal Subcommittee
1325 G St. N.W., Suite 500
Washington, D.C. 20005
Via Electronic Mail to jim@asc.gov

Re: Response to Temporary Waiver Extension Request

Dear Mr. Park:

The North Dakota Real Estate Appraiser Qualifications & Ethics Board (Appraiser Board) is responsible for licensing and certifying appraisers to perform real estate appraisals in the state of North Dakota pursuant to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). At its core, the Board's mission is to protect the public trust.

The Board is aware that the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) granted a temporary waiver of the requirement of appraiser credentialing for federally related transactions (FRTs) at the request of Governor Burgum, North Dakota Department of Financial Institutions (NDDFI), and the North Dakota Bankers Association (NDBA). The Board is also aware that the applicants requested a two-year extension of the waiver. The "residential" portion of the waiver expired. The requested extension then relates to "commercial" and "agricultural" appraisals with transaction values of up to \$1,000,000. It is the Board's understanding that the Final Order Granting in Part Temporary Waiver Relief allows the ASC to extend the temporary waiver for a one-year period. It also understands the ASC may terminate the waiver order on a finding that significant delay in the receipt of appraisals for FRTs no longer exists.

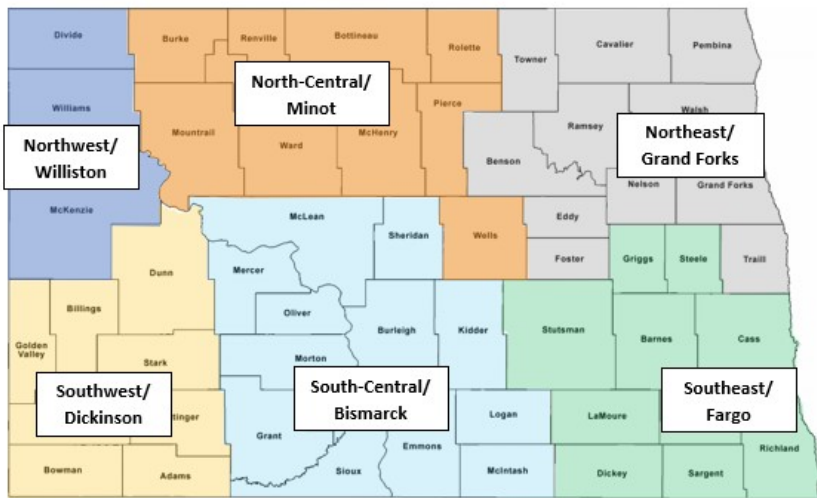
The ASC's Final Order required that, for an extension to be granted, the Requestor should provide:

- a status report to the ASC on the plan that was developed in collaboration with stakeholders and any implementation progress made on that plan toward identifying meaningful solutions to resolve appraiser scarcity and delay issues faced in North Dakota; and
- supporting data showing that appraiser scarcity leading to significant delays continues to exist, which may include information to identify specific localities affected by appraiser scarcity

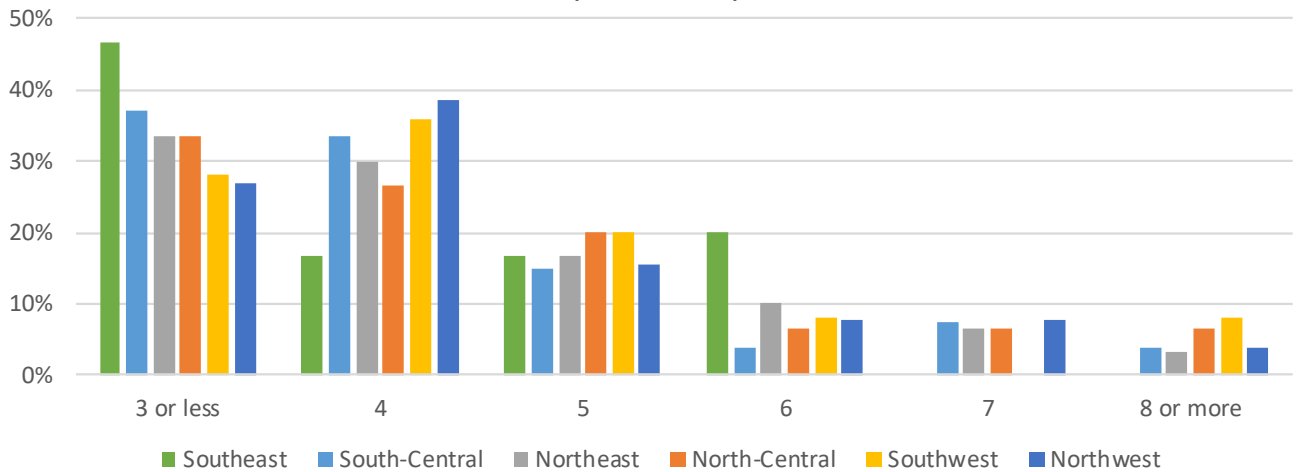
The Appraiser Board reviewed the Requestor's July 6, 2020, letter requesting an extension of the temporary waiver relief and concluded that the supporting data, collaboration with stakeholders, and the plan toward identifying meaningful solutions are insufficient to support the request.

A July 2020 survey of commercial/ag appraisers demonstrates a waiver extension is not appropriate or necessary. Further, more than 85% of the appraisers stated the waiver extension would make it less likely they will train a new appraiser who wants to enter the profession in the next year. The requested waiver extension then would also be counter-productive to our common goal of ensuring the long-term availability of qualified, competent appraisers providing timely appraisal services across North Dakota.

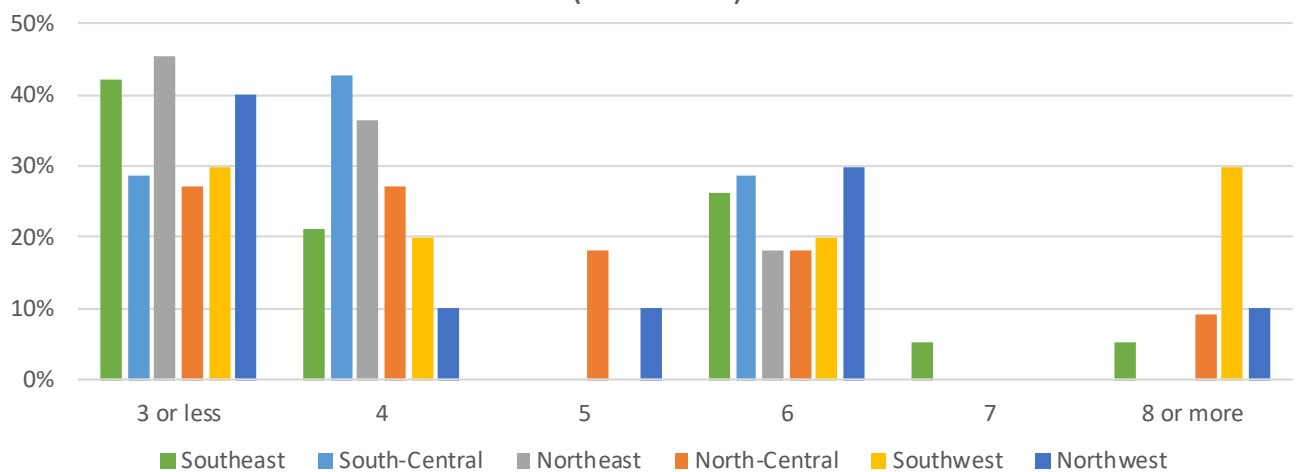
The Requestor's July 6, 2020, letter lacks sufficient supporting data to draw reliable conclusions regarding appraisal timeliness. The timeliness of appraisal services is typically measured by appraisal turn times. A survey was sent to all North Dakota Certified General appraisers with business addresses in North Dakota, South Dakota, Minnesota, and Montana. (These appraisers are most likely to regularly service the state's commercial and agricultural appraisal needs. Corey Kost, MAI, sent the survey to 148 unique email addresses, with 50 responses to the "commercial" survey and 45 responses to the "agricultural" survey over the three-day open period.) A map of North Dakota's six regions and a graph of the July 2020 survey results illustrating turn-times reported by appraisers who regularly perform commercial/ag appraisals in North Dakota are shown on the next page.



Commercial Appraisal Turn Time
(In Weeks)



Agricultural Appraisal Turn Time
(In Weeks)



The survey results do not support the anecdotal evidence supplied in the Requestors' letter. Rather, they demonstrate no scarcity of commercial or agricultural appraisers exists across any of the state's six regions. Other notable observations are detailed as follows:

- *Commercial Appraisers*
 - 80% to 85% of commercial appraisers report turn times of *five weeks or less* in each of the state's six regions.
 - 60% to 70% of commercial appraisers report turn times of *four weeks or less* in each of the state's six regions.
 - Nearly 50% of commercial appraisers report turn times of *three weeks or less* in the region that includes the state's largest city (Southeast/Fargo).
- *Agricultural Appraisers*
 - 90% of ag appraisers report turn times of *six weeks or less* in five of the state's six regions.
 - 50% to 80% of ag appraisers report turn times of *four weeks or less* in each of the state's six regions.
 - 30% to 45% of ag agricultural appraisers report turn times of *three weeks or less* in each of the state's six regions.

While North Dakota appraisal turn times may not be ideal in the eyes of lenders facing ever-increasing competitive demands, "ideal" is not the appropriate threshold to determine the existence of an appraiser scarcity, especially when considering the state's unique challenges (as detailed in the Appraiser Board's June 13, 2019, letter to the ASC).

The ASC's Final Order also requires the Requestor to provide a status report on the plan to resolve appraiser scarcity and delay issues. The November 6, 2019, meeting of stakeholders was a good starting point. It enhanced communication, understanding, and lender/appraiser relationships. However, this single meeting included only three North Dakota appraisers not affiliated with the Appraiser Board. While the effects of COVID-19 cannot be ignored, the original waiver was issued on August 7, 2019. COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020, seven months later. Even after those seven months had passed, remote/virtual meetings would have allowed the dialogue to continue, had it been a priority. Despite the meeting's merits or Requestors' intent, it would not be fair to characterize this single meeting or the potential solutions listed in the Requestors' letter as a plan developed through continued dialogue with North Dakota stakeholders.

The Appraiser Board requests the ASC put the appraiser waiver behind us by denying the extension request, allowing stakeholders to focus on collaboration to ensure the long-term availability of qualified, competent appraisers to provide timely appraisal services across North Dakota.

Thank you for your consideration.

Regards,



Timothy Timian
Chair, North Dakota Real Estate Appraiser
Qualifications & Ethics Board



Corey Kost, MAI
Vice-Chair, North Dakota Real Estate Appraiser
Qualifications & Ethics Board