



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

August 15, 2018

Mr. James R. Park
Executive Director
Appraisal Subcommittee
1401 H Street NW, Suite 760
Washington, DC 20005

RE: North Dakota Temporary Waiver Request

Dear Mr. Park,

We are writing regarding an August 1, 2018 temporary waiver proceeding under 12 CFR 1102 submitted to the Appraisal Subcommittee (ASC) by the State of North Dakota, the North Dakota Department of Financial Institutions and the North Dakota Bankers Association. This request was subsequently posted on the ASC website.

It is the mission of The Appraisal Foundation (Foundation) to promote public trust in the valuation profession. The Foundation believes that approving the North Dakota waiver request would erode public trust; therefore, we strongly urge the ASC to deny the request. The rationale for our position follows.

They are seeking a waiver that falls outside the authority of the Appraisal Subcommittee. Their letter states the following: "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 in North Dakota, does not exceed \$1 million for a business or farm loan or \$500,000 for a residential real estate transaction."

While Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 does grant the ASC permission to grant waivers, the waivers are from "any requirement relating to certification or licensing of a person to perform appraisals under this title if the Appraisal Subcommittee or a State agency whose certifications and licenses are in compliance with this title." The waiver is limited to the **requirements of a person** performing an appraisal, **not the transaction value** for a loan. The increase in the de minimus (or threshold) levels that they are seeking falls exclusively within the purview of the Federal financial institutions regulatory agencies, not the ASC. Therefore, we do not believe the ASC has the legal authority to grant such a request. As an aside, allowing threshold levels to vary by state would not serve the public trust.

Lack of available appraisers: fact or fiction? While there may be some underserved markets in North Dakota, it is difficult to believe that the entire state is experiencing difficulty in obtaining real estate appraisals.

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The following numbers were drawn from the ASC National Registry of Appraisers (the Appraiser Registry). These statistics reflect the number of active appraiser credentials in North Dakota:

	2007	2012	2018 <i>(as of 8/14/18)</i>
Licensed	84	41	32
Certified Residential	0	60	83
Certified Residential	121	148	183
Total	205	249	298

These numbers reflect a 45% **increase** in the number of state appraiser credentials in North Dakota since 2007, and an approximate 20% **increase** since 2012. According to the North Dakota waiver correspondence, the population of the state grew 12.3 percent from 2010 to 2017. With the number of appraisers increasing faster than the state population, it is a difficult to understand an alleged shortage of appraisers. The longer “wait times” for appraisals claimed in the waiver correspondence may well be because many of these state credentialed appraisers do not want to work under the assignment conditions required and fees currently being offered them.

Given the above, the Foundation urges the ASC to deny the North Dakota request for an increase in the threshold levels for residential and business mortgage transactions.

Respectfully,



David S. Bunton
President
The Appraisal Foundation