Sixty-second
Legislative Assembly
of North Dakota

# SENATE BILL NO. 2187

Introduced by

Senators Olafson, Fischer, Heckaman

Representatives R. Kelsch, Boehning, Wieland

A BILL for an Act to amend and reenact sections 43-23.3-02, 43-23.3-03, and 43-23.3-04.1 of the North Dakota Century Code, relating to the North Dakota real estate appraiser qualifications and ethics board and appraiser permit approval standards; and to provide for application.

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

**SECTION 1. AMENDMENT.** Section 43-23.3-02 of the North Dakota Century Code is amended and reenacted as follows:

**43-23.3-02. North Dakota real estate appraiser qualifications and ethics board.**

1. The governor shall appoint the board. The board must consist of ~~five~~seven members. One member must ~~represent the~~~~be a public,~~~~member~~be a representative of the appraisal management company industry; one member must ~~represent~~be a representative of the financial industry~~,~~; one member must be a representative of the builder industry~~; one member~~ or must be a realtor; and ~~three~~four members must be appraisers, at least one of which is experienced in the appraisal of agricultural property~~ and at least one of which resides in a rural area not included within the boundaries of a city having a population in excess of four thousand inhabitants at the time of the member's appointment~~. ~~The appraiser members first appointed to the board must be members in good standing of an organization belonging to the appraisal foundation or have the equivalent of five years of full-time experience as an appraiser in this state. Thereafter, each~~
   a. Each appraiser member of the board must be either a licensed or certified appraiser, but at least two of the appraiser members must be certified appraisers.
   b. The governor shall appoint the financial industry representative who ~~has~~must have a background in the real estate ~~and the~~ lending process from a list of qualified individuals submitted by the North Dakota bankers associations~~, the~~

~~North Dakota~~ and the mid-America credit union ~~league, and the North Dakota league of savings institutions~~association. Each of these entities may submit two names of candidates to the governor.

~~c. The governor shall appoint the builder industry representative from a list of two qualified individuals submitted by the North Dakota association of builders.~~

~~d. The governor shall appoint the realtor representative from a list of two qualified individuals submitted by the North Dakota association of realtors.~~

~~e. The public member of the board may not be engaged in the practice of real estate appraising.~~

2. The term of each member is five years~~, except that of the members first appointed, one shall serve for five years, one shall serve for four years, one shall serve for three years, one shall serve for two years, and one shall serve for one year~~. A member may not serve more than ~~ten years~~two consecutive five-year terms, after which at least two years must pass before the governor may reappoint that former member to the board. The governor shall appoint members so the terms of no more than two members expire each year. A member of the board continues to hold office until the appointment and qualification of a successor. The governor may remove a board member for cause. ~~The~~

3. Annually the members ~~annually~~ shall elect a chairman from among the members. At least two of the members who are appraiser members must be present in order for a quorum to exist. The members are entitled to receive compensation for each day actually engaged in the service of the board and actual and necessary traveling expenses at the rate allowed other state officials, paid from the fees collected by the board.

~~4. A member may not accept an appraisal assignment if the services are provided for the state or are related to real estate in which the state has a direct interest.~~

**SECTION 2. AMENDMENT.** Section 43-23.3-03 of the North Dakota Century Code is amended and reenacted as follows:

**43-23.3-03. Powers and duties of the board.**

1. The board, or ~~its~~the board's designated representative, shall:

a. Define apprentice appraiser, licensed appraiser, certified residential appraiser, and certified general appraiser~~,~~; determine the type of educational experience, appraisal experience, and equivalent experience that meet the requirements of this chapter~~, and~~; establish application procedures; and establish standards for approval and disapproval of applications for permits.

b. Establish examination specifications for each category of licensed and certified appraiser and administer examinations.

c. Approve or disapprove applications for permits, issue pocket cards and permits to practice, and maintain a registry of the names and addresses of individuals holding permits.

d. Discipline permittees.

e. Hold meetings, hearings, and examinations in places and at times as ~~it~~the board designates and maintain records of board activities.

f. Adopt rules, pursuant to chapter 28-32, necessary to implement this chapter or carry out the requirements imposed by federal law.

g. Adopt rules that clearly and concisely establish the standards for approval and disapproval of applications for permits. The rules must include a requirement that an application disapproval clearly specify the basis for the disapproval.

h. Keep permittees informed of board activities, including providing notification of board member terms and any upcoming board vacancy; internet posting of quarterly meeting notices~~, hearing notices,~~ and minutes; and internet posting of proposed and final rule changes.

2. The board, or ~~its~~the board's designated representative, may:

a. Promote research and conduct studies relative to real estate appraising and sponsor educational activities.

b. Contract for services necessary to carry out this chapter.

c. Enter ~~into~~ reciprocity agreements with other states.

3. The board, or ~~its~~the board's authorized representative, may investigate and gather evidence concerning alleged violations of the provisions of chapter 43-23.3 or the rules of the board. Board investigative files are exempt records as defined in

subsection 5 of section 44-04-17.1, but a copy of the investigative file must be provided to a licensee if a complaint is filed against the licensee by the board.

**SECTION 3. AMENDMENT.** Section 43-23.3-04.1 of the North Dakota Century Code is amended and reenacted as follows:

**43-23.3-04.1. Issuance of permits to applicants licensed or certified by another state.**

~~The~~~~In a timely manner~~Within thirty days of receipt of a completed application, the board ~~may~~shall issue a permit to an applicant who is licensed or certified in good standing by another state if the other state's requirements to be licensed or certified are at least substantially equivalent to the requirements imposed by this state. If an applicant was licensed or certified by another state by reciprocity or a similar process, the requirements of the state in which the applicant was originally licensed or certified must be at least substantially equivalent to the requirements imposed by this state.~~ Board reciprocity consideration may not be based on review standards.~~

~~**SECTION 4. APPLICATION.** The ten-year limit for board members under section 1 of this Act applies to all board members serving on the effective date of this Act. In order to maintain staggered board member terms the governor shall appoint an individual to complete the remainder of the term of a board member who becomes ineligible due to the ten-year limitation. In order to initiate staggered board member terms for the two new board members the governor may appoint one new member to serve a four-year term.~~

**SECTION 4. APPLICATION.** The change of the board composition provided for under section 1 of this Act becomes effective on August 1, 2011, at which time the public member board position terminates. In order to initiate staggered board member terms for the three new board members, the governor shall appoint one new member to serve a term that expires June 30, 2013, one new member to serve a term that expires June 30, 2014, and one new member to serve a term that expires June 30, 2015.

The change in the term limits for board members provided for under section 1 of this Act applies to board member appointments and reappointments made after July 31, 2011; therefore, the new term limit provisions do not disqualify any board member serving on the effective date of this Act, but may prevent the governor from reappointing a board member after the effective date of this Act.