

SENATE BILL NO. 2175

Introduced by

Senators Krebsbach, J. Lee

Representatives Rennerfeldt, Ruby

1 A BILL for an Act to amend and reenact section 6-03-05 of the North Dakota Century Code,
2 relating to real estate appraisal requirements for real estate loans by banks.

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

4 **SECTION 1. AMENDMENT.** Section 6-03-05 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **6-03-05. Loans on real estate - Regulation - Limitation.** Before any real estate loan
7 of more than two hundred fifty thousand dollars is made, an appraisal must be conducted by a
8 licensed or certified appraiser if required by the federal Financial Reform, Recovery, and
9 Enforcement Act of 1989 [Pub. L. 101-73; 103 Stat. 512; 12 U.S.C. 3332 et seq.] ~~or, if not so~~
10 ~~required, by an individual or appraisal committee who is independent of the transaction, except~~
11 ~~no appraisal or formal valuation is required for a real estate loan of one hundred thousand~~
12 ~~dollars or less. The selected appraiser or appraisal committee shall appraise both the land and~~
13 ~~the improvements thereon, if any, and shall report to the board of directors or its loan~~
14 ~~committee, in writing, the results of the appraisal together with any other facts relating to such~~
15 ~~proposed loan and proposed security as will best enable the board or its loan committee to~~
16 ~~determine if the loan shall be granted. Such written report must be made a permanent record in~~
17 ~~the bank's files and must be made available to the commissioner. A bank must obtain an~~
18 appropriate evaluation of real property collateral for transactions that do not require an
19 appraisal by a licensed or certified appraiser. The commissioner may require an appraisal by a
20 licensed or certified appraiser when necessary to address safety and soundness concerns.
21 Any real estate loan made must conform to loan-to-value limits as established by rule by the
22 state banking board under chapter 28-32.