

# NDAA News

North Dakota Appraisers Association

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## Quarterly Newsletter – 1<sup>st</sup> Quarter, 2024

### President's Letter

Dear NDAA Members,

I'm both honored and thrilled to step into the role of NDAA President for 2024. I first want to extend a thank you to 2023 Board of Directors and Committee Chairs for their dedication and leadership, as well as to all Committee Members for their service and commitment. Additionally, special thanks to our event sponsors for their generous contributions to the NDAA.

In just under a decade, our Association has grown from a start-up in 2016 to a mature organization with a significant voice that is being heard across the state and beyond. This remarkable growth is a testament to the hard work of past leadership and the dedication of our members. Because of this remarkable progress, we are not only needing to refocus on some of our past efforts, but also set ambitious goals that look to the future. While the goals may change from year to year, the Association has and always will exist to serve its appraiser members.

Stepping into this role, I wasn't quite sure what to expect, but one thing has become abundantly clear: the incredible dedication of individuals who are sincerely committed to shaping a better future for the appraisal profession. There is still much work to be done as we strive to provide top quality education and advocate for the advancement of our profession. I urge you to get involved, whether at the committee level or simply by attending our Board meetings. New for 2024, members have the opportunity to attend all board meetings virtually, with the first 10 minutes of each meeting dedicated to hearing our members' voices.

As I reflect on my appraisal career of 21 years, I have never witnessed such positive change within our profession. It is truly exciting to think about the impact we can make together as we pave the way for a future generation of appraisers. Our best days are ahead!

Thank you for your continued support of the NDAA, and encourage you to share any feedback and ideas you may have as we work together in the upcoming year. I wish you all success and fulfillment in your professional careers.

Warm regards,

Wade

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## Committee Reports

### Technology:

The Technology Committee has made a couple of minor tweaks to the website; however, our main focus recently has been overhauling the technical operations of the NDAA at an organizational level.

We have migrated away from Zoom, Survey Monkey, and several ancillary platforms, consolidating our technological focus on the Microsoft 365 business platform. In doing so, the NDAA membership, executives, and Board of Directors can operate more efficiently while simultaneously lowering technology related expenses.

We have created an official NDAA Executive Administrator email address ([admin@ndappraisers.org](mailto:admin@ndappraisers.org)) and helped merge all of Debbie's prior work/email correspondence from her personal account to the new official NDAA account. Additionally, we have created a secondary email account ([support@ndappraisers.org](mailto:support@ndappraisers.org)) to facilitate Katie's training in getting up to speed with the day-to-day technical operations of her new exciting role as NDAA Executive Administrator. We will continue to assess and work on the organization's technological needs to better serve the NDAA!

-Committee Chair, David Whartnaby

### Government Affairs:

In place of a quarterly report, the Government Affairs Committee instead chooses to endorse the Membership and Marketing Committee's information provided on evaluations. The Government Affairs Committee was involved in providing the source material and knowledge to inform membership on evaluations.

-Committee Chair, Dean Rylander

### Education/Events:

Here is an update on the classes being offered on April 15th:

Ultimate Workfile – What, When, Why – Josh Walitt, Instructor – 8:00 am – 12:00 pm

Classroom: 26 Members

Virtual: 11 Members

ND Appraiser Board Meeting

In-Person: 11 Members

Virtual: 7 Members

Our Annual Education Event will be held in Fargo at the Gate City Bank on December 5th and 6th. Save the dates!

-Executive Administrator, Debbie Ellerton

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## Membership & Marketing:

During the February 13<sup>th</sup>, 2024 NDAA Board of Directors Meeting, the previous Marketing and Public Relations Committee was changed. Public Relations will now be handled by the standing Executive Officers, which is made up of the current President, Vice President, and Secretary/Treasurer with support provided by the Executive Administrator and applicable Committee Chair. Marketing was combined with Membership to result in the newly formed Membership and Marketing Committee. Alexandra Horner was chosen to help co-chair the committee with the former Membership Chair, William Gion.

The newly formed committee held a meeting on March 19<sup>th</sup>, 2024 to introduce committee members and develop a better understanding of the function of the new committee. Additionally, sub committees were formed to focus on developing an Honorary Membership by July 1<sup>st</sup> and to formulate a plan on how to reach out to non-NDAA apprentice appraisers. These will both be the focus of the committee throughout the second quarter of 2024.

The NDAA's 4<sup>th</sup> Quarterly Newsletter was completed and distributed to membership via email on January 16<sup>th</sup>, 2024. A link is available on the website if you did not receive an email. Development of the First Quarter Newsletter commenced with the addition of a list of new NDAA members as well as a piece on evaluations to help inform membership. The newsletter will also give membership a chance to meet the new NDAA Executive Administrator.

Current membership for the NDAA sits at 139 members. This is down slightly from the previous quarter, however, this is largely due to a number of retirements. Again, the Membership and Marketing Committee will be focusing on reaching out to non-NDAA apprentice appraisers throughout the 2<sup>nd</sup> Quarter of 2024 and additional non-NDAA appraisers throughout the rest of 2024.

If you have questions, concerns, suggestions or would like to serve on the NDAA Membership and Marketing Committee please contact Bill Gion at 701-690-7633 or [gionappraisal@gmail.com](mailto:gionappraisal@gmail.com) or Alexandra Horner at 701-751-4496 or [alexandra@boulderappraisal.com](mailto:alexandra@boulderappraisal.com). We meet on an as needed basis, typically via Teams calls.

-Committee Co-Chairs, Bill Gion and Alexandra Horner

## Bylaws/Policy:

The update for this committee is that Patricia Hodenfield, committee chairperson, is still in the process of drafting a policy manual for the NDAA as the NDAA does not have a policy manual. The manual is not ready to be put forth for board review. The hope is now to have a draft of the manual available for board review by the end of the second quarter of 2024.

-Committee Chair, Patricia Hodenfield

## Important Topics, Links, & Reminders

### Important Topics: Evaluations

A survey sent to NDAA members on January 30, 2024, revealed considerable support for pursuing a bill to permit real estate appraisers to perform evaluations outside of USPAP within North Dakota. The survey results can be found in the following “Important Links” section of this newsletter. While many members expressed interest, additional information was requested. To address this, a virtual informational session was held on March 12th by the NDAA Government Affairs Committee. As not all members were able to attend the meeting, additional information is being provided to allow for better understanding of evaluations to NDAA members.

An evaluation is a financial institution product that provides market value of a given property, as outlined by the FDIC's Interagency Appraisal and Evaluation Guidelines. However, while appraisals are required to be completed in accordance with USPAP, the Guidelines instead note that an evaluation must, “be consistent with safe and sound banking practice,” and “provide a reliable estimate of the collateral’s market value as of a stated effective date...” (pg. 77,461). While an evaluation does not need to comply with USPAP it must include specific information and analysis to conclude a market value. The full list of requirements for an evaluation can be found on pg. 77,461 of the FDIC’s Interagency Appraisal and Evaluation Guidelines. Again, evaluations are a product that can only be provided to financial institutions that are regulated by agencies such as the FDIC and NCUA. A full list of applicable agencies can be found on page 77,450 of the Interagency Guidelines. This product can not be provided for any other groups or individuals.

It should be noted that while USPAP does provide for appraisers to perform restricted appraisals or what can be referred to as evaluations, this product does differ from the evaluations that financial institutions are seeking. These restricted appraisals and evaluations that are detailed by USPAP must conform with USPAP, which then requires additional regulatory processes by a financial institution. This is in contrast to an evaluation which requires less regulatory oversight. Further, as is noted by Advisory Opinion 13 in *USPAP Guidance: Advisory Opinions*, the content that may be required in an evaluation product requested by a financial institution may differ from the content required by USPAP. In this article, “evaluation” refers to the product requested by financial institutions that does not require conformity with USPAP.

The Interagency Guidelines currently allow, per federal guidelines, for appraisers to perform evaluations: “Persons who perform evaluations should possess the appropriate appraisal or collateral valuation education, expertise, and experience relevant to the type of property being valued. Such person may include appraisers...” Notably, this means that specifically in the case of evaluations, per federal guidelines, appraisers are allowed to provide an opinion of value without being compliant with USPAP. However, despite these federal regulations, appraisers currently are not allowed to perform evaluations outside of USPAP within the state of North Dakota.

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While there was an attempt made to pass a house bill in the 2023 North Dakota Legislative Session which would allow appraisers to perform evaluations, the final draft of the bill led to only three distinct groups being allowed to provide an opinion of value of real estate without complying with USPAP. Per Chapter 43-23.3 of the North Dakota Century Code these groups are (1) licensed real estate brokers or salespersons though their opinion of value cannot be referred to an appraisal, (2) a person providing an opinion of value of real estate to their employer, and (3) employees of the Bank of North Dakota when providing “evaluations or reviews of appraisals for federally insured depository institutions.” Notably, the verbiage for the third group, or employees of the Bank of North Dakota, was specifically added in the 2023 legislative session.

Evaluations for financial institutions that are not written to conform with USPAP cannot be regulated by the State Appraiser Regulatory Board. This is one of the major concerns of those opposed to appraisers performing evaluations. Instead, regulation of evaluations falls on financial institutions, as they must ensure received evaluations meet FDIC standards. If a financial institution does not believe standards were met, they will not continue to hire the individual performing the evaluations. It is also important to note that each appraiser’s errors and omissions (E&O) insurance policy handles evaluations in a different way. It is recommended that any appraiser interested in providing evaluations talk with their E&O Insurance provider to see what coverage options are available.

While appraisers may not be allowed to perform evaluations specifically within the State of North Dakota, this does not mean there is no demand or supply for the product within the state or throughout the rest of the country. The Appraisal Institute’s Fall 2023 Valuation magazine featured the founder of eval.com, Wyoming based Deb Clark, MAI. In this article, Ms. Clark noted that her company has, “built solid relationships with 200 clients and successfully completed more than 12,000 evaluations across 49 states.” Closer to home, the Bank of North Dakota currently offers both Ag and Commercial Real Estate Evaluations starting at \$500 per evaluation. At this time, the Bank of North Dakota does not provide any residential evaluations. In most all cases, evaluations are being requested specifically for properties that do not meet a minimum threshold to require an appraisal. For example, one of the exemptions that would allow a financial institute to request an evaluation in place of an appraisal is when a transaction has a value less than or equal to \$400,000 for residential properties and \$1,000,000 for commercial and agricultural properties. A full list of these exemptions can be found on pages 77,460-77,461 of the FDIC’s Interagency Appraisal and Evaluation Guidelines.

Furthermore, while there is no specific source data, many within the real estate and banking industries have observed financial institutions utilizing broker price opinions (BPOs) in order to complete internal evaluations. Real estate agents provide a BPO to a bank employee and the bank employee converts this information into an evaluation for their employer. This is covered through the North Dakota Century Code as licensed real estate brokers and salespeople are allowed to provide value opinions, as long as they are not called appraisals, and bank employees are able to legally provide an opinion of value on a property to their employer.

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Though no definitive list could be found to indicate which states currently allow appraisers to perform evaluations, the Appraisal Institute's Q1 2021 *Valuation* magazine noted that at that time 13 states allowed appraisers to perform evaluations. These states include Minnesota and Texas. An additional news release by the Appraisal Institute on July 12<sup>th</sup>, 2023 indicated that Washington State also adopted a law allowing for appraisers to perform evaluations. Further, South Dakota passed House Bill 1127 in the 2020 legislative session which allowed appraisers to provide evaluations. Once again, appraisers within North Dakota currently cannot perform evaluations.

Additional information about evaluations is provided in the following "Important Links" section of this newsletter. This includes a Frequently Asked Questions document provided by the FDIC on appraisals and evaluations, as well as an interview on evaluations with Peter Christensen, owner of Christensen Law Firm, and the previously mentioned Deb Clark, MAI, founder of eval.com.

## Important Links:

North Dakota Appraisers Association: [Evaluations Survey Results](#)

FDIC FAQs: [Appraisal Regulations and the Appraisal and Evaluation Guidelines](#)

Appraisal BuzzCast: [Evaluations and How Appraisers Should Handle Them](#)

The Appraisal Foundation: [Appraiser Talk Podcast](#)

North Dakota Appraisers Association: [NDAA Website](#)

North Dakota Appraisers Association: [Facebook](#)

## Important News & Reminders:

- **NDAA Committee Changes:** During the February 13<sup>th</sup>, 2024 NDAA Board of Directors Meeting, several changes were made to the standing committees. The Finance Committee was dissolved with all functions of the committee now under the control of the Secretary/Treasurer. The Marketing and Public Relations Committee was split, so that Public Relations will now be handled by the standing Executive Officers, which is made up of the current President, Vice President, and Secretary/Treasurer with support provided by the Executive Administrator and applicable Committee Chair. Marketing was combined with the Membership Committee to form the Membership and Marketing Committee. The Website Committee was renamed to the Technology Committee.
- **New NDAA Executive Administrator:** The Executive Committee is excited to announce that a new Executive Administrator for the NDAA has been hired. Katie Lauckner from Fargo will replace Debbie, who will be retiring from her position as of June 30, 2024. Katie assumed the position as of April 1st and has been actively training with Debbie. Thank you again to Debbie for all her years of hard work for the NDAA. Please check out the Executive Administrator Spotlight portion of the newsletter to learn more about Katie Lauckner.

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- **Support for Kathy Huss:** In January 2024, Kathy Huss, the longstanding NDAA Education/Events Committee chair, was diagnosed with breast cancer: Stage 1 Invasive Ductile Carcinoma - of the Triple Negative variety. To see how you can help support Kathy during this time, please visit her [CaringBridge Website](#) or provide a meal for her and her family at her [Give InKind Website](#).

## Membership Recognitions & Achievements:

### Credentialing Upgrades

Laura Kessler – Certified General – January 2024

Jared Oachs – Apprentice – February 2024

Thomas McClenahan – Certified General – March 2024

Alexandra Horner – Certified General – March 2024\*

\*NDAA Member

### Special Designations/Accreditations

If you or another appraiser have recently received a designation/accreditation please let us know at [alexandra@boulderappraisal.com](mailto:alexandra@boulderappraisal.com) to be featured in future newsletters.

## New NDAA Members:

Brady Butenhoff, Apprentice Appraiser with Farmers National Company

## Upcoming Events – 2<sup>nd</sup> Quarter, 2024

**4/15/24:** 8:00 AM – 12:00 PM CT:

Education – Ultimate Workfile: What, When, Why – Bismarck, ND

**4/15/24:** 1:00 PM – 4:00 PM CT:

Education – ND Real Estate Appraiser Qualifications and Ethics Board Meeting – Bismarck, ND

**4/30/24:** 1:00 PM – 3:00 PM CT: Board of Directors Meeting\*

\*The first ten minutes of the meeting will be open for members to speak with a maximum of 5 minutes – limited to two speakers. If you are interested in speaking, please submit your topic of discussion to Wade Becker, NDAA president ([wade@boulderappraisal.com](mailto:wade@boulderappraisal.com)) no later than the end of the day Monday (4/22/24) so you can be added to the agenda.

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## Executive Administrator Spotlight

**Name:** Katie Lauckner

**Question #1:** *Where are you from and what was your job experience prior to working for the NDAA?*

I grew up in Bottineau, ND. The majority of my career has been in hotel and property management.

**Question #2:** *What made you want to apply for the NDAA's executive administrator position?*

I was looking for a professional organization that I could be part.

**Question #3:** *Do you have any background knowledge of the appraisal industry?*

Yes! Early in my career I was a mortgage loan processor and worked as an Escrow closing officer for a title company.

**Question #4:** *What are you looking forward to most about the executive administrator position?*

Event planning and coordination of trainings.

**Question #5:** *What is one thing you would like the NDAA membership to know about you?*

My husband and I are the proud parents of four kids Levi, Braxton, Declan & Aubrey.





# NDAAs News

North Dakota Appraisers Association

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## Contact Information

Please feel free to reach out to any members on the North Dakota Appraisers Association Board of Directors for comments, questions, or future opportunities to volunteer:

President:	Wade Becker – Bismarck, ND / (701)751-4496 <a href="mailto:wade@boulderappraisal.com">wade@boulderappraisal.com</a>
Vice President:	Patricia Hodenfield – Bismarck, ND / (701)595-2151 <a href="mailto:horizonappraisals@yahoo.com">horizonappraisals@yahoo.com</a>
Secretary Treasurer:	Joe Sumers – Fargo, ND / (701)200-9610 <a href="mailto:jsumers@fibt.com">jsumers@fibt.com</a> <a href="mailto:joseph.sumers@gmail.com">joseph.sumers@gmail.com</a>
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**Submit comments and ideas for future newsletters to Alexandra Horner at [alexandra@boulderappraisal.com](mailto:alexandra@boulderappraisal.com).**