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February 6, 2012

The Honorable Senator Brungardt
300 SW 10th
Topeka, Ks 66612-1504

Dear Senator Brungardt:

Re: SB - 345

My name is Robert Maxwell, I am testifying today, as Chairman of the Kansas Real Estate Appraisal Board, on behalf of the full Board in support of Senate Bill 345.

The impetus for the Kansas Appraisal Management Company (AMC) Registration Act bill is Subtitle F, section 1124, of the federal Dodd-Frank Act. In effect, that section requires states to establish minimum requirements for the registration of appraisal management companies. This section includes requirements that appraisal management companies:

- (1) register with and be subject to supervision by a State appraiser certifying and licensing agency in each State in which such company operates (in Kansas, the Real Estate Appraisal Board);
- (2) verify that only licensed or certified appraisers are used for federally related transactions;
- (3) require that appraisals coordinated by an appraisal management company comply with the Uniform Standards of Professional Appraisal Practice (USPAP); and
- (4) require that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under section 129E of the Truth in Lending Act.

The Kansas AMC Registration Act, modeled on current acts in other states, was designed to comply with this federal mandate. Passage will continue to allow appraisals performed in Kansas to be sold on the secondary market through financial institutions regulated by the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance

Corporation, the National Credit Union Administration Board, the Federal Housing Finance Agency, and the Bureau of Consumer Financial Protection.

This Bill was drafted with assistance from appraisers, appraisal management companies, lenders, realtors and several other organizations. Please see the attached timeline of the meetings held and attendees who participated in the drafting of this Bill.

Robert Maxwell, Chairman
The Kansas Real Estate Appraisal Board

Kansas Appraisal Management Company Registration Act

The initial draft of the legislation was developed using language already in place in other states. Camille worked to revise the language to apply specifically to Kansas and Kansas laws.

Meeting 1

This meeting was attended by members of the appraisal community and several board members. The legislation was discussed, changes were agreed upon and the draft was modified to incorporate the changes.

Meeting 2

This meeting was attended by members of the AMC community, several appraisers and two board members. Again the legislation was discussed, changes suggested, after the group agreed upon changes needed, the draft was modified.

Meeting 3

This meeting was attended by lenders, bankers association, realtors association, banking commission, several appraisers and three board members. Again the legislation was discussed, changes suggested, the group agreed to modify some of the language, these modifications were made to the draft.

Distribution of Draft

After the above meetings, the proposed legislation draft was emailed to all previous attendees for review. Several substantial comments and suggested changes were received.

Conference Call

After distribution of the draft there were several concerns with some of the changes that had been made to the draft. The main concern was the change to 10% ownership. A conference call was held to discuss the issues the board received. It was the consensus of those participating in the call to modify the language and the draft could now go before the entire board for approval.

Board Approval of Draft

After the above meetings, the proposed legislation draft was emailed to all previous attendees for review. Several minor changes were suggested to the board. The board reviewed the final draft of the legislation and agreed to make the minor changes received. The board voted unanimously to approve the legislation allowing Camille and staff to modify to incorporate changes agreed to at the November meeting.

Final Draft

There was no opposition received to the final draft. The following have agreed to support the Bill when presented in the 2012 session.

Tim O'Brien (RELS)
Bankers Association (Kathy Olson)
Appraisal Institute (Scott Dibiasio)
Realtors Association (Luke Bell)