

**SENATE BILL No. 345**

By Committee on Financial Institutions and Insurance

1-26

1 AN ACT enacting the Kansas *appraisal* management company registration  
2 act.

3

4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. ~~This act~~ ***The provisions of sections 1 through 25, and***  
6 ***amendments thereto***, shall be known and may be cited as the Kansas  
7 appraisal management company registration act.

8 Sec. 2. (a) It is the intent of the legislature to develop a process for  
9 real estate appraisal management company registration and regulation in  
10 order to protect lenders, financial institutions, clients, consumers and the  
11 public from economic and financial harm and the potential for such harm  
12 that may result from interference with the independence, objectivity and  
13 impartiality of the real estate appraisal process.

14 (b) The purpose of the Kansas appraisal management company  
15 registration act is to provide a process for the registration and regulation of  
16 entities conducting, performing or engaging in, or attempting to conduct,  
17 perform or engage in, real estate appraisal management services as a real  
18 estate appraisal management company within the state of Kansas.

19 Sec. 3. As used in this act: (a) “Appraisal” has the meaning specified  
20 in K.S.A. 58-4102, and amendments thereto.

21 (b) “Appraisal management company” or “AMC” means an  
22 individual, firm, partnership, association, corporation, limited liability  
23 company or any other business entity acting as an external third party  
24 authorized either by a creditor of a consumer credit transaction secured by  
25 a consumer’s principal dwelling or by an underwriter of or other principal  
26 in the secondary mortgage markets:

27 (1) That performs appraisal management services, regardless of the  
28 use of any of the following terms: Appraisal management company,  
29 mortgage technology provider, mortgage services provider, lender  
30 processing services provider, loan processor, real estate closing services  
31 provider, vendor management company or any other like term; and

32 (2) such entity oversees an appraiser panel of:

33 (A) More than 15 appraisers who are certified or licensed in Kansas;

34 or

35 (B) a total of more than 25 appraisers who are certified or licensed in  
36 Kansas and in any other jurisdiction.

1 (c) “Appraisal management services” means to perform or attempt to  
2 perform, directly or indirectly, any one or more of the following functions  
3 on behalf of a lender, financial institution, client, or any other person:

4 (1) Administer an appraiser panel;

5 (2) recruit, qualify, verify licensing or certification and negotiate fees  
6 and service level expectations with any person who is part of an appraiser  
7 panel;

8 (3) receive an order for an appraisal from one entity and deliver the  
9 order for the appraisal to an appraiser that is part of an appraiser panel for  
10 completion;

11 (4) track and determine the status of orders for appraisals;

12 (5) conduct quality control of a completed appraisal prior to the  
13 delivery of such appraisal to the person that ordered the appraisal; or

14 (6) submit a completed appraisal performed by an appraiser to one or  
15 more clients.

16 (d) “Appraiser” means an individual who holds a credential issued by  
17 the Kansas real estate appraisal board pursuant to the state certified and  
18 licensed real property appraiser act entitling that individual to perform an  
19 appraisal of real property in the state of Kansas consistent with the scope  
20 of practice for such credential.

21 (e) “Appraiser panel” means a network of one or more licensed or  
22 certified appraisers who are independent contractors to the AMC and have:

23 (1) Responded to an invitation, request, or solicitation from an AMC,  
24 in any form, to perform appraisals for persons that have ordered appraisals  
25 through the AMC, or to perform appraisals for the AMC directly, on a  
26 periodic basis, as requested and assigned by the AMC; and

27 (2) been selected and approved by an AMC to perform appraisals for  
28 any client of the AMC that has ordered an appraisal through the AMC, or  
29 to perform appraisals for the AMC directly, on a periodic basis, as  
30 assigned by the AMC.

31 (f) “Appraisal review” means the act or process of developing and  
32 communicating an opinion about the quality of another appraiser’s work  
33 that was performed as part of an appraisal assignment related to the  
34 appraiser’s data collection, analysis, opinions of value, conclusions,  
35 estimate of value, or compliance with the uniform standards of  
36 professional appraisal practice. This term “appraisal review” does not  
37 include a general examination for:

38 (1) Grammatical, typographical or other similar errors; or

39 (2) Completeness including regulatory requirements, client  
40 requirements, or both such requirements as specified in the engagement  
41 letter that does not communicate an opinion.

42 (g) “Board” means the Kansas real estate appraisal board.

43 (h) “Credential” means a certificate, license or temporary permit

1 issued by the board pursuant to the provisions of the state certified and  
2 licensed real estate appraisals act authorizing an individual to act as a  
3 temporary permitted appraiser, provisional appraiser, state licensed  
4 appraiser, certified residential appraiser or certified general appraiser in the  
5 state of Kansas.

6 (i) “Controlling person” means:

7 (1) An owner, officer, manager, or director of a corporation,  
8 partnership, firm, association, limited liability company, or other business  
9 entity seeking to offer appraisal management services in this state;

10 (2) an individual employed, appointed, or authorized by an AMC that  
11 has the authority to enter into a contractual relationship with other persons  
12 for the performance of appraisal management services and has the  
13 authority to enter into agreements with appraisers for the performance of  
14 appraisals; or

15 (3) an individual who possesses, directly or indirectly, the power to  
16 direct or cause the direction of the management or policies of an AMC.

17 (j) “Person” means an individual, firm, partnership, association,  
18 corporation, or any other entity.

19 (k) “Uniform standards of professional appraisal practice” or  
20 “USPAP” means the edition of the uniform standards of professional  
21 appraisal practice as specified in K.S.A. 58-4121, and amendments  
22 thereto.

23 ~~Sec. 4. (a) Except as provided by section 5, and amendments thereto,~~  
24 ~~it shall be unlawful for a person to:~~

25 ~~(1) Directly or indirectly engage or to attempt to engage in business~~  
26 ~~as an AMC;~~

27 ~~(2) directly or indirectly perform or to attempt to perform appraisal~~  
28 ~~management services as an AMC; or~~

29 ~~(3) advertise or hold itself out as engaging in or conducting business~~  
30 ~~as an AMC without first obtaining a registration issued by the board under~~  
31 ~~the provisions of this act.~~

32 ~~(b) The application for the registration required by subsection (a)~~  
33 ~~shall be on a form approved by the board and shall, at a minimum, include~~  
34 ~~the following information:~~

35 (1) The legal name and any other trade or business name of the entity  
36 seeking registration;

37 (2) the mailing and physical addresses of the entity seeking  
38 registration;

39 (3) the telephone, email, website, and facsimile contact information  
40 of the entity seeking registration;

41 (4) if the entity is a corporation, limited liability company,  
42 partnership, association, sole proprietorship or any other business entity  
43 that is not domiciled in this state:

1 (A) The name and contact information for the entity's agent for  
2 service of process in this state pursuant to section 7, and amendments  
3 thereto; and

4 (B) proof that the entity is properly and currently registered with the  
5 Kansas office of the secretary of state;

6 (5) the name, mailing and physical addresses, telephone, email and  
7 facsimile contact for any person that owns 10% or more of the AMC;

8 (6) the name, mailing and physical addresses, telephone, email and  
9 facsimile contact for the named controlling person;

10 (7) a certification that the entity has a system and process in place to  
11 verify that a person being added to the appraiser panel of the AMC for  
12 appraisal services being performed in Kansas:

13 (A) Holds a credential in good standing in this state pursuant to the  
14 state certified and licensed real estate appraisers act and the regulations  
15 adopted thereunder if a license or certification is required to perform  
16 appraisals, pursuant to section ~~14~~ **II**, and amendments thereto; and

17 (B) is geographically competent and performs appraisal assignments  
18 within the appraiser's scope of practice;

19 (8) a certification that the entity has a system in place to review an  
20 amount or percentage of the appraisal reports submitted by each appraiser  
21 who is performing real estate appraisal services for the AMC within  
22 Kansas as specified in rules and regulations of the board on an annual  
23 basis to validate that the real estate appraisal services are being conducted  
24 in accordance with USPAP and the state certified and licensed real estate  
25 appraisers act and the regulations adopted thereunder, pursuant to section  
26 ~~15~~ **12**, and amendments thereto;

27 (9) a certification that the entity maintains a detailed record of each  
28 service request that it receives and the appraiser that performs real estate  
29 appraisal services for the AMC, pursuant to section ~~16~~ **13**, and  
30 amendments thereto;

31 (10) an irrevocable consent to service of process pursuant to section  
32 7, and amendments thereto;

33 (11) any other information reasonably required by the board to  
34 evaluate compliance with the application requirements in this act; and

35 (12) a certification that the entity requires that appraisals are  
36 conducted independently and free from inappropriate influence and  
37 coercion pursuant to the appraisal independence standards established  
38 under section 129E of the truth in lending act, as specified in subsection  
39 (a) of section ~~18~~ **16**, and amendments thereto.

40 ~~(e) Each violation of this act or any rule and regulation adopted~~  
41 ~~thereunder shall be a class C misdemeanor.~~

42 **(b) The board shall review each application that is properly**  
43 **submitted and either issue the registration to the applicant or deny such**

1 ***application in accordance with the provisions of this act.***

2 Sec. 5. (a) The registration provisions of this act shall not apply to an  
3 AMC that is a subsidiary owned and controlled by a financial institution  
4 regulated by a federal financial institutions regulatory agency.

5 (b) The provisions of this act shall not apply to:

6 (1) A person as defined in section 3, and amendments thereto, who  
7 exclusively employs appraisers on an employer and employee basis for the  
8 performance of appraisals; or

9 (2) an individual or individuals who are state-certified or state-  
10 licensed appraisers in good standing credentialed by the board and who are  
11 actively engaged in the practice of real estate appraising and, as a function  
12 of the practice, maintain a list of not more than 15 employees who are  
13 credentialed appraisers in good standing or independent contractor  
14 credentialed appraisers in good standing.

15 Sec. 6. (a) The registration period shall commence on October 1 and  
16 end on September 30 of the following year. A registration granted by the  
17 board may be renewed annually thereafter.

18 (b) To obtain renewal of a registration, the holder shall make  
19 application for renewal on a form provided by the board and pay the fee  
20 prescribed pursuant to section 8, and amendments thereto, not earlier than  
21 120 days nor later than 30 days prior to the expiration date of the  
22 registration.

23 (c) If the holder of the registration fails to apply for renewal prior to  
24 the date of expiration, the holder may obtain renewal of the registration if  
25 the holder, not later than three months after expiration of the registration,  
26 pays the renewal and late renewal fees prescribed pursuant to section 8,  
27 and amendments thereto.

28 Sec. 7. (a) Prior to the issuance of a registration to a nonresident  
29 applicant, the applicant must agree in writing to abide by all provisions of  
30 this act with respect to the applicant's appraisal management activities  
31 within this state and submit to the jurisdiction of the board and the state in  
32 all matters relating thereto. Such agreement shall be filed with the board  
33 and shall remain in force for so long as the nonresident is registered by this  
34 state and thereafter with respect to acts or omissions committed while  
35 registered as a nonresident.

36 (b) The board may investigate the actions of a nonresident registrant  
37 and, pursuant to the Kansas administrative procedures act, may revoke,  
38 condition, limit, suspend, censure or nonrenew the registration of the  
39 nonresident registrant for disciplinary action in relation to AMC practices,  
40 including, but not limited to, denial, revocation or suspension of a  
41 registration taken by another state, district or territory of the United States.

42 (c) Prior to the issuance of a registration to a nonresident AMC, the  
43 applicant shall file with the board a designation in writing that appoints the

1 executive director of the board as the applicant's agent, upon whom all  
2 judicial and other process or legal notices directed to the applicant may be  
3 served in the event such applicant becomes a registrant. Any process or  
4 legal notices to a nonresident registrant shall be directed to the executive  
5 director and, in the case of a summons, shall require the nonresident  
6 registrant to answer within 40 days from the date of service on such  
7 registrant. A summons and a certified copy of the petition shall be  
8 forthwith forwarded by the clerk of the court to the executive director, who  
9 immediately shall forward a copy of the summons and the certified copy  
10 of the petition to the nonresident registrant. Thereafter, the executive  
11 director shall make return of the summons to the court from which it was  
12 issued, showing the date of its receipt by the executive director, the date of  
13 forwarding and the name and address of the person to whom the executive  
14 director forwarded a copy. Such return shall have the same force and effect  
15 as a return made by the sheriff on process directed to the sheriff.

16 Sec. 8. (a) The board shall establish by rules and regulations the fee  
17 to be paid by each AMC seeking registration or renewal of a registration  
18 under this act. The amount of the registration and renewal fees shall be  
19 sufficient for the administration of this act, but in no case shall the fees be  
20 more than \$3,500. The initial registration fee shall be prorated for an  
21 applicant that initially applies for registration 11 or fewer months prior to  
22 September 30.

23 (b) The board shall establish by rules and regulations a late renewal  
24 fee not to exceed \$500.

25 (c) The executive director of the board shall remit all moneys,  
26 received pursuant to this act to the state treasurer in accordance with the  
27 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
28 each such remittance, the state treasurer shall deposit the entire amount in  
29 the state treasury. Other than amounts collected for the AMC federal  
30 registry fees, or for civil fines imposed pursuant to section ~~26~~ **23**, and  
31 amendments thereto, such deposit shall be credited to the appraiser fee  
32 fund. All expenditures from such fund shall be made in accordance with  
33 appropriations acts upon warrants of the director of accounts and reports  
34 issued pursuant to vouchers approved by the chairperson of the board or  
35 by a person or persons designated by the chairperson. Civil fines shall be  
36 credited to the state general fund.

37 (d) All amounts required to be collected and actually collected for the  
38 AMC federal registry fees shall be credited totally to the AMC federal  
39 registry clearing fund which is hereby created in the state treasury. All  
40 disbursements from the AMC federal registry clearing fund shall be made  
41 upon warrants of the director of accounts and reports issued pursuant to  
42 vouchers approved by the chairperson of the board or by a person or  
43 persons designated by the chairperson. Amounts credited to the AMC

1 federal registry clearing fund under this section shall not be subject to any  
2 limitations imposed by the appropriations act of the legislature.

3 Sec. 9. (a) No single interest in an AMC applying for, holding, or  
4 renewing a registration under this act shall exceed 10% when owned by:

5 (1) An individual who has held a credential issued by any appraiser-  
6 credentialing jurisdiction to act as an appraiser and such credential:

7 (A) Was refused, denied, suspended, revoked, or surrendered or  
8 nonrenewed in lieu of a pending disciplinary proceeding in any  
9 jurisdiction against such individual; and

10 (B) not subsequently granted or reinstated; or

11 (C) is otherwise not in good standing; or

12 (2) any person who owns more than a 10% interest in an entity and  
13 such person has held a credential issued by any appraiser-credentialing  
14 jurisdiction to act as an appraiser that:

15 (A) Was refused, denied, revoked, suspended, or surrendered or  
16 nonrenewed in lieu of a pending disciplinary proceeding in any  
17 jurisdiction against such person; and

18 (B) (i) not subsequently granted or reinstated, or

19 (ii) is otherwise not in good standing.

20 (b) (1) Each individual that owns more than a 10% interest in an  
21 AMC who applies for, holds, or renews a registration under this act shall  
22 be of good moral character as determined by the board by rules and  
23 regulations.

24 (2) As a part of an application for an original registration, and for a  
25 renewal registration if required by the board, the board shall require the  
26 individual to be fingerprinted and submit to a state and national criminal  
27 history record check. The individual's fingerprints shall be used to identify  
28 the individual and to determine whether the individual has a record of  
29 criminal history in this state or other jurisdiction. The board shall require  
30 the individual to submit the fingerprints to the Kansas bureau of  
31 investigation and the federal bureau of investigation for a state and  
32 national criminal history record check. The board shall use the information  
33 obtained from the fingerprinting and the criminal history for purposes of  
34 verifying the identification of the individual and in the official  
35 determination of the qualifications and fitness of the applicant to be issued,  
36 maintain, or renew a registration.

37 (3) Local and state law enforcement officers and agencies shall assist  
38 the board in taking and processing fingerprints of individuals for any  
39 registration and shall release all records of adult convictions to the board.

40 (4) The board may fix and collect a fee in an amount necessary to  
41 reimburse the board for the cost of fingerprinting and the criminal history  
42 record check. Such fee shall be established by rules and regulations.

43 (c) Each AMC applying for registration or for renewal of a

1 registration under this act shall certify to the board on a form prescribed by  
2 the board that:

3 (1) Such AMC has reviewed each person or entity that owns more  
4 than a 10% interest in the AMC; and

5 (2) no person or entity that owns more than a 10% interest in the  
6 AMC has held a credential issued by any appraiser-credentialing  
7 jurisdiction to act as an appraiser and such credential:

8 (A) Was refused, denied, suspended, revoked, or surrendered or  
9 nonrenewed in lieu of a pending disciplinary proceeding in any  
10 jurisdiction against such individual; and

11 (B) (i) was not subsequently granted or reinstated; or

12 (ii) is otherwise not in good standing.

13 Sec. 10. (a) Each AMC applying to the board for a registration or for  
14 a renewal of a registration in this state shall designate one controlling  
15 person that shall serve as the main contact for all communication between  
16 the board and the AMC.

17 (b) The controlling person designated pursuant to subsection (a) shall:

18 (1) Remain in good standing with any appraiser-credentialing  
19 jurisdictions from which the controlling person has obtained credentials,  
20 except that no provision in this section shall require that a designated  
21 controlling person hold an appraiser credential in any jurisdiction; or

22 (2) have never had a credential issued by any appraiser-credentialing  
23 jurisdiction to act as an appraiser that:

24 (A) Was refused, denied, suspended, revoked, or surrendered or  
25 nonrenewed in lieu of a pending disciplinary proceeding, and:

26 (B) (i) Not had such credential subsequently reinstated or granted; or

27 (ii) is not otherwise in good standing in any jurisdiction.

28 (c) As a part of an application for an original registration and if  
29 required by the board for a renewal registration, the board shall require the  
30 controlling person to be fingerprinted and submit to a state and national  
31 criminal history record check. The fingerprints shall be used to identify the  
32 person and to determine whether the controlling person has a record of  
33 criminal history in this state or other jurisdiction. The board shall require  
34 the controlling person to submit the fingerprints to the Kansas bureau of  
35 investigation and the federal bureau of investigation for a state and  
36 national criminal history record check. The board shall use the information  
37 obtained from the fingerprinting and the criminal history for purposes of  
38 verifying the identification of the controlling person and in the official  
39 determination of the qualifications and fitness of the applicant to be issued,  
40 maintain or renew a registration.

41 (d) Local and state law enforcement officers and agencies shall assist  
42 the board in taking and processing fingerprints of applicants for any  
43 license and shall release all records of adult convictions to the board.



1 (e) The board may fix and collect a fee in an amount necessary to  
2 reimburse the board for the cost of fingerprinting and the criminal history  
3 record check. Such fee shall be established by rules and regulations. Any  
4 moneys collected under this subsection shall be deposited in the state  
5 treasury and credited to the real estate appraisal board's appraiser fee fund  
6 established pursuant to K.S.A. 58-4107, and amendments thereto.

7 Sec. 11. (a) If a license or certification is required to perform an  
8 appraisal, prior to placing an assignment with an appraiser on the appraiser  
9 panel of an AMC, the AMC shall verify that the appraiser receiving the  
10 assignment holds a credential in good standing in this state issued pursuant  
11 to this act and the rules and regulations adopted thereunder. A letter of  
12 engagement shall include instructions to the appraiser to decline the  
13 assignment in the event the appraiser is not geographically competent or  
14 the assignment falls outside the appraiser's scope of practice.

15 ~~Sec. 12.~~ (b) Any employee of, or independent contractor to, the AMC  
16 that performs an appraisal review for a property located in Kansas shall be  
17 an appraiser credentialed in good standing in the state of Kansas.

18 ~~Sec. 13.~~ (c) No AMC registered in this state pursuant to this act shall  
19 enter into any contract or agreement with an appraiser for the performance  
20 of appraisals in Kansas unless such AMC verifies that the individual is  
21 credentialed in good standing to perform the appraisal pursuant to the state  
22 certified and licensed real property appraisers act.

23 ~~Sec. 14.~~ (d) Each AMC registered or seeking to be registered in this  
24 state shall certify to the board on an annual basis on a form prescribed by  
25 the board that such AMC has a system and process in place to verify that  
26 any individual being added to the appraiser panel of the AMC for appraisal  
27 services in Kansas:

28 (a) (1) Holds a credential in good standing in this state pursuant to the  
29 state certified and licensed real estate appraisers act; and

30 (b) (2) is geographically competent and performs appraisal  
31 assignments within the appraiser's scope of practice.

32 ~~Sec. 15.~~ 12. Each AMC seeking to be registered or to renew a  
33 registration in this state shall certify to the board on an annual basis on a  
34 form prescribed by the board that such AMC has a system in place to  
35 perform an appraisal review on a number or percentage of the appraisal  
36 reports submitted by each appraiser who is performing appraisals for such  
37 AMC on a periodic basis as specified in rules and regulations of the board  
38 to validate that the appraisals are being conducted in accordance with:

39 (a) The USPAP; and

40 (b) the state certified and licensed real property appraisers act and the  
41 regulations adopted thereunder.

42 ~~Sec. 16.~~ 13. (a) Each AMC seeking to be registered or to renew an  
43 existing registration in this state shall certify to the board on an annual

1 basis on a form prescribed by the board that such AMC maintains a  
2 detailed record of each service request that it receives for appraisal of real  
3 property located in Kansas.

4 (b) An AMC registered under the provisions of this act shall retain for  
5 a period of five years all records required to be maintained under this act.  
6 This five-year period shall commence on:

7 (1) The date of the final action by the AMC for each individual  
8 transaction; or

9 (2) if the AMC is notified that the transaction is involved in litigation,  
10 the date that the final judgment has been issued and all appeals, if any,  
11 have been taken.

12 (c) All records required to be maintained by the registered AMC  
13 pursuant to the provisions of this act shall be made available by the  
14 registration holder for inspection and copying by the board or its designee  
15 on reasonable notice to the AMC.

16 ~~Sec. 17.~~ **14.** (a) An AMC shall be required to have a system in place  
17 to disclose to its client the fees paid:

18 (1) For appraisal management services; and

19 (2) to the appraiser for the completion of an appraisal assignment.

20 (b) No AMC shall prohibit an appraiser that is part of an appraiser  
21 panel of the AMC from recording the fee that the appraiser was paid by the  
22 AMC for the performance of the appraisal within the body of the appraisal  
23 that is submitted by the appraiser to the AMC.

24 ***Sec. 15. Except as provided by section 5, and amendments thereto,***  
25 ***it shall be unlawful for any person to do any of the following without***  
26 ***first obtaining a registration issued by the board pursuant to section 4,***  
27 ***and amendments thereto:***

28 (a) ***Directly or indirectly engage or attempt to engage in business***  
29 ***as an AMC;***

30 (b) ***directly or indirectly perform or attempt to perform appraisal***  
31 ***management services as an AMC; or***

32 (c) ***advertise or hold such person out as engaging in or conducting***  
33 ***business as an AMC.***

34 ~~Sec. 18.~~ **16.** (a) It shall be unlawful and a violation of this act for any  
35 employee, partner, director, officer or agent of an AMC to influence or  
36 attempt to influence the development, reporting, result or review of an  
37 appraisal through coercion, extortion, collusion, compensation,  
38 inducement, intimidation, bribery or in any other manner, including but not  
39 limited to:

40 (1) Withholding or threatening to withhold timely payment or partial  
41 payment for an appraisal unless such appraisal is substandard or  
42 noncompliant.

43 (2) Withholding or threatening to withhold, either expressly or by

1 implication, future business from an appraiser.

2 (3) Demoting or terminating or threatening to demote or terminate an  
3 appraiser.

4 (4) Promising, either expressly or by implication, future business,  
5 promotions or increased compensation for an appraiser.

6 (5) Conditioning an assignment of an appraisal or the payment of an  
7 appraisal fee or salary or bonus on:

8 (A) The opinion, conclusion or valuation to be reached by an  
9 appraiser; or

10 (B) a preliminary estimate or opinion requested from an appraiser.

11 (6) Requesting that an appraiser provide at any time prior to the  
12 appraiser's completion of an appraisal:

13 (A) An estimated, predetermined or desired valuation in an appraisal;  
14 or

15 (B) estimated values or comparable sales, except that a copy of the  
16 sales contract for purchase transactions may be provided.

17 (7) Providing to an appraiser:

18 (A) An anticipated, estimated, encouraged or desired value for a  
19 subject property; or

20 (B) a proposed or target amount to be loaned to the borrower, except  
21 that a copy of the sales contract for purchase transactions may be provided.

22 (8) Providing to an appraiser, or any entity or individual related to the  
23 appraiser, stock or other financial or nonfinancial benefit or thing of value.

24 (9) Without prior written notice to such appraiser:

25 (A) Allowing or directing the removal of an appraiser from an  
26 appraiser panel; or

27 (B) the addition of an appraiser to an exclusionary list of disapproved  
28 appraisers used by any entity.

29 (10) Committing any other act or practice that impairs or attempts to  
30 impair an appraiser's independence, objectivity or impartiality.

31 (11) Submitting or attempting to submit false, misleading or  
32 inaccurate information in any application for registration or renewal.

33 (b) No provision of subsection (a) shall be construed to prohibit the  
34 AMC from requesting that an appraiser:

35 (1) Provide additional information about the basis for a valuation  
36 including consideration of additional comparable data; or

37 (2) correct objective factual errors in an appraisal.

38 (c) It shall be unlawful and a violation of this act for any employee,  
39 partner, director, officer, agent or independent contractor of an AMC to:

40 (1) Require an appraiser to sign any sort of indemnification  
41 agreement that requires the appraiser to defend and hold harmless the  
42 appraisal management company or any of its agents, employees or  
43 independent contractors for any liability, damage, losses or claims arising

1 out of the services performed by the AMC or its agents, employees or  
2 independent contractors but does not also include the services performed  
3 by the appraiser;

4 (2) employ any person who has had a credential to act as an appraiser  
5 issued by any appraiser-credentialing jurisdiction that:

6 (A) Was refused, denied, suspended, revoked, or surrendered or  
7 nonrenewed in lieu of a pending disciplinary proceeding in any  
8 jurisdiction against such individual; and

9 (B) (i) was not subsequently granted or reinstated; or

10 (ii) is otherwise not in good standing in any jurisdiction;

11 (3) knowingly enter into any independent contractor arrangement,  
12 whether in verbal, written or other form for the performance of appraisal  
13 or appraisal management services, with any person who has had a  
14 credential to act as an appraiser that was issued by any appraiser-  
15 credentialing jurisdiction that:

16 (A) Was refused, denied, suspended, revoked, or surrendered or  
17 nonrenewed in lieu of a pending disciplinary proceeding in any  
18 jurisdiction against such individual; and

19 (B) (i) was not subsequently granted or reinstated; or

20 (ii) is otherwise not in good standing in any jurisdiction;

21 (4) knowingly enter into any contract, agreement, or other business  
22 relationship, whether in verbal, written, or any other form, with any entity  
23 that employs, has entered into an independent contract arrangement, or has  
24 entered into any contract, agreement or other business relationship,  
25 whether in verbal, written or any other form for the performance of  
26 appraisal or appraisal management services, with any person who has ever  
27 had a credential issued by any appraiser-credentialing jurisdiction to act as  
28 an appraiser that:

29 (A) Was refused, denied, suspended, revoked or surrendered or  
30 nonrenewed in lieu of a pending disciplinary proceeding in any  
31 jurisdiction against such individual; and

32 (B) (i) was not subsequently granted or reinstated; or

33 (ii) is otherwise not in good standing in any jurisdiction;

34 (5) commit an act of unprofessional conduct as defined by rules and  
35 regulations of the board;

36 (6) fail to report to the board the results of any appraisal reviews in  
37 which an appraisal is found to be substantially noncompliant with USPAP;

38 (7) fail to timely respond to any subpoena or any other request for  
39 information from the board;

40 (8) fail to timely obey an administrative order of the board; or

41 (9) fail to fully cooperate in any investigation by the board.

42 (d) It shall be unlawful and a violation of this act for an AMC to  
43 include on the panel of the AMC for appraisal services in Kansas any

1 appraiser who:

2 (1) Does not hold a credential in good standing in this state pursuant  
3 to the state certified and licensed real estate appraisers act; or

4 (2) is not geographically competent to perform appraisal assignments  
5 within the appraiser's scope of practice.

6 An attestation provided by an appraiser that such appraiser is  
7 geographically competent within the appraiser's scope of practice will  
8 satisfy an AMC's responsibility pursuant to this subsection.

9 ~~Sec. 19. 17.~~ No AMC shall perform or attempt to perform any of the  
10 following acts:

11 (a) Require an appraiser to modify any aspect of an appraisal unless  
12 the modification complies with subsection (b) of section ~~18~~ **16**, and  
13 amendments thereto;

14 (b) require an appraiser to prepare an appraisal if the appraiser, in the  
15 appraiser's own independent professional judgment:

16 (1) Believes the appraiser does not have the necessary expertise for  
17 the assignment or for the specific geographic area; and

18 (2) the appraiser has notified the AMC and declined the assignment;

19 (c) require an appraiser to prepare an appraisal under a time frame  
20 that the appraiser, in the appraiser's own professional judgment:

21 (1) Believes does not afford the appraiser the ability to meet all the  
22 relevant legal and professional obligations; and

23 (2) the appraiser has notified the AMC and declined the assignment;

24 (d) prohibit or inhibit legal or other allowable communication  
25 between the appraiser and the lender, a real estate licensee, or any other  
26 person from whom the appraiser, in the appraiser's own professional  
27 judgment, believes information would be relevant;

28 (e) require the appraiser to do anything that does not comply with  
29 USPAP, the state certified and licensed real estate appraisers act or the  
30 regulations adopted thereunder, or any assignment conditions and  
31 certifications required by the client; or

32 (f) make any portion of the appraiser's fee or the AMC's fee  
33 contingent on a predetermined or favorable outcome, including but not  
34 limited to a loan closing or a specific dollar amount being achieved by the  
35 appraiser in the appraisal.

36 ~~Sec. 20. 18.~~ Except in bona fide cases of breach of contract or  
37 substandard performance of services, each AMC shall make payment to an  
38 appraiser for the completion of an appraisal or valuation assignment within  
39 45 days of the date on which the appraiser transmits or otherwise provides  
40 the completed appraisal or valuation study to the AMC or its assignee  
41 unless a mutually agreed upon alternate arrangement has been previously  
42 established in good faith.

43 ~~Sec. 21. 19.~~ (a) No AMC shall alter, modify, or otherwise change or

1 attempt to alter, modify, or otherwise change a completed appraisal  
2 submitted by an appraiser.

3 (b) No AMC shall require an appraiser to provide the AMC with the  
4 appraiser's digital signature. No provision of this subsection shall be  
5 deemed to prohibit an appraiser from voluntarily providing such  
6 appraiser's digital signature to another person in the manner permitted by  
7 the provisions of the USPAP.

8 ~~Sec. 22.~~ **20.** (a) The board shall issue a unique registration number to  
9 each AMC that is registered in this state.

10 (b) The board shall maintain on its website a list of the AMCs that  
11 have registered with the board pursuant to this act and have been issued a  
12 registration number pursuant to subsection (a) of this section.

13 (c) An AMC registered in this state shall place its registration number  
14 on any instrument utilized by the AMC for procurement of appraisal  
15 services in this state.

16 ~~Sec. 23.~~ **21.** (a) Except within the first 30 days after an appraiser is  
17 first added to the appraiser panel of an AMC, no AMC shall remove an  
18 appraiser from its appraiser panel, or otherwise refuse to assign requests  
19 for real estate appraisal services to an appraiser without:

20 (1) Notifying the appraiser in writing of the reasons why such  
21 appraiser is being removed from the appraiser panel of the AMC;

22 (2) providing an opportunity for the appraiser to respond to the  
23 written notification of the AMC either personally or through legal counsel;  
24 and

25 (3) if the appraiser is being removed from the panel for illegal  
26 conduct, violation of the USPAP, or a violation of this act or the  
27 regulations adopted thereunder, providing notice to the appraiser and to the  
28 board detailing allegations of fact and alleged violations of USPAP,  
29 regulations or laws.

30 ~~Sec. 24. The board may deny the issuance of a registration or a  
31 renewal of a registration to an applicant for failure to comply with any  
32 requirement of this act or any regulation adopted thereunder.~~

33 ~~Sec. 25.~~ **22.** The board may refuse to issue an initial or renewal  
34 registration **deny the issuance of a registration or a renewal of a  
35 registration to an applicant for failure to comply with any requirement  
36 of this act, or any rule or regulation adopted pursuant thereto, or** for any  
37 of the following acts or omissions:

38 (a) That the applicant, in the case of an application for renewal of a  
39 registration has, within 12 months preceding the date of the application,  
40 violated any provision of this act or any regulation adopted thereunder, or  
41 any provision of the state certified and licensed real property appraiser act  
42 or any regulation adopted thereunder;

43 (b) that the applicant is not of good moral character; or

- 1 (c) that the applicant has been the holder of a registration that:  
2 (1) Was denied, revoked or suspended for cause; or  
3 (2) (A) surrendered or nonrenewed in lieu of disciplinary proceedings  
4 and not subsequently granted or reinstated; or  
5 (B) is otherwise not in good standing in any jurisdiction;  
6 (d) when in the case of an application for renewal of a registration,  
7 the applicant has, in the conduct of affairs under the registration,  
8 demonstrated:  
9 (1) Incompetency;  
10 (2) untrustworthiness;  
11 (3) conduct or practices rendering the registrant unfit to carry on  
12 appraisal management services;  
13 (4) conduct or practices making continuance in the business  
14 detrimental to the public interest; or  
15 (5) that the registrant is no longer in good faith carrying on appraisal  
16 management services, and for this conduct is found to be a source of  
17 detriment, injury or loss to the public; or  
18 (e) that the applicant, the controlling person or any owner of an  
19 interest in the AMC of 10% or more has been convicted of a felony and  
20 has not been sufficiently rehabilitated to merit the public trust.

21 ~~Sec. 26.~~ **23.** (a) The board may censure an AMC, condition, limit,  
22 suspend or revoke the registration of an AMC, and in addition to or in lieu  
23 of any other administrative, civil or criminal remedy provided by law may  
24 impose a civil fine not to exceed \$2,000 per violation for any of the  
25 following acts or omissions:

- 26 ~~(a)~~ **(1)** Committing any violation of this act;  
27 ~~(b)~~ **(2)** violating any regulation adopted by the board to implement or  
28 administer the provisions of this act;  
29 ~~(c)~~ **(3)** procuring a registration or renewal of a registration for the  
30 AMC or committing any other act by fraud, misrepresentation, or deceit;  
31 or  
32 ~~(d)~~ **(4)** employing a controlling person or any individual who owns  
33 more than 10% of the AMC who has been convicted of a felony and who  
34 has not been sufficiently rehabilitated to merit the public trust.

35 ~~Sec. 27.~~ **(b)** Administrative proceedings under this act shall be  
36 conducted in accordance with the Kansas administrative procedure act.

37 ***(c) A violation of this act, or of any rule or regulation adopted***  
38 ***pursuant thereto, shall be a class C misdemeanor.***

39 ~~Sec. 28.~~ **24.** (a) The costs incurred by the board in conducting any  
40 proceeding under the Kansas administrative procedure act may be assessed  
41 against the AMC if the order of the board is adverse to the AMC in such  
42 proportion as the board determines upon consideration of all relevant  
43 circumstances including the nature of the proceeding and the level of

1 participation by the parties. The board may reduce any such assessment to  
2 judgment by filing a petition in the district court of Shawnee county. No  
3 registration shall be reinstated, renewed or issued if an assessment for  
4 costs has not been paid by the applicant or registrant.

5 (b) (1) Except as provided in paragraph (2), for purposes of this  
6 section, costs include the fees and expenses of the presiding officer, costs  
7 of making and preparing the record, witness fees and expenses, mileage,  
8 travel allowances and subsistence expenses of board employees and fees  
9 and expenses of agents of the board who provide services to the board.

10 (2) Costs shall not include fees and expenses or costs of making and  
11 preparing the record unless the board has designated or retained the  
12 services of the office of administrative hearings to perform such functions.

13 (c) The board shall make any assessment of costs incurred as part of  
14 the final order rendered in the proceeding. Such order shall include  
15 findings and conclusions in support of the assessment of costs.

16 ~~Sec. 29.~~ **25.** In accordance with the provisions of the rules and  
17 regulations filing act, K.S.A. 77-415 et seq., and amendments thereto, the  
18 board may adopt, amend and revoke rules and regulations governing the  
19 administration and enforcement of this act, including but not limited to:

20 (a) Any fee required by this act;

21 (b) any report, record or other information which may be required to  
22 be kept, and maintained pursuant to this act; and

23 (c) such other rules and regulations as the board may deem necessary  
24 to carry out the provisions of this act.

25 ~~Sec. 30.~~ **26.** This act shall take effect and be in force from and after  
26 ~~October 1, 2012,~~ and its publication in the statute book.