

SENATE BILL No. 419

AN ACT concerning the Kansas appraisal management company registration act; AMC ownership limitations and removal of appraisers; amending K.S.A. 2017 Supp. 58-4704, 58-4708, 58-4709 and 58-4721 and repealing the existing sections.

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

Section 1. K.S.A. 2017 Supp. 58-4704 is hereby amended to read as follows: 58-4704. (a) The application for the registration shall be on a form approved by the board and shall, at a minimum, include the following information:

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

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

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

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

(A) The name and contact information for the entity's agent for service of process in this state pursuant to K.S.A. 2017 Supp. 58-4707, and amendments thereto; and

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

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

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

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

(A) Holds a credential in good standing in this state pursuant to the state certified and licensed real estate appraisers act and the regulations adopted thereunder if a license or certification is required to perform appraisals, pursuant to K.S.A. 2017 Supp. 58-4711, and amendments thereto; and

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

(8) a certification that the entity has a system in place to review an amount or percentage of the appraisal reports submitted by each appraiser who is performing real estate appraisal services for the AMC within Kansas as specified in rules and regulations of the board on an annual basis to validate that the real estate appraisal services are being conducted in accordance with USPAP and the state certified and licensed real estate appraisers act and the regulations adopted thereunder, pursuant to K.S.A. 2017 Supp. 58-4712, and amendments thereto;

(9) a certification that the entity maintains a detailed record of each service request that it receives and the appraiser that performs real estate appraisal services for the AMC, pursuant to K.S.A. 2017 Supp. 58-4713, and amendments thereto;

(10) an irrevocable consent to service of process pursuant to K.S.A. 2017 Supp. 58-4707, and amendments thereto;

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

(12) a certification that the entity requires 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, as specified in ~~subsection (a) of~~ K.S.A. 2017 Supp. 58-4716(a), and amendments thereto.

(b) The board shall review each application that is properly submitted and either issue the registration to the applicant or deny such application in accordance with the provisions of this act.

(c) *The board may transmit information and any disciplinary action taken on any appraisal management company to the national registry of the appraisal subcommittee.*

Sec. 2. K.S.A. 2017 Supp. 58-4708 is hereby amended to read as follows: 58-4708. (a) The board shall establish by rules and regulations the fee to be paid by each AMC seeking registration or renewal of a registration under this act. The amount of the registration and renewal fees shall be sufficient for the administration of this act, but in no case

shall the fees be more than \$3,500. The initial registration fee shall be prorated for an applicant that initially applies for registration 11 or fewer months prior to September 30. *The board shall have the authority to collect and remit the national registry fee for any AMC operating in this state that is exempt from registration pursuant to K.S.A. 2017 Supp. 58-4705, and amendments thereto.*

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

(c) The executive director of the board shall remit all moneys, received pursuant to this act to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. Other than amounts collected for the AMC federal registry fees, or for civil fines imposed pursuant to K.S.A. 2017 Supp. 58-4723, and amendments thereto, such deposit shall be credited to the appraiser fee fund. All expenditures from such fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the board or by a person or persons designated by the chairperson. Civil fines shall be credited to the state general fund.

(d) All amounts required to be collected and actually collected for the AMC federal registry fees shall be credited totally to the AMC federal registry clearing fund which is hereby created in the state treasury. All disbursements from the AMC federal registry clearing fund shall be made upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the board or by a person or persons designated by the chairperson. Amounts credited to the AMC federal registry clearing fund under this section shall not be subject to any limitations imposed by the appropriations act of the legislature.

Sec. 3. K.S.A. 2017 Supp. 58-4709 is hereby amended to read as follows: 58-4709. (a) No single interest in an AMC applying for, holding, or renewing a registration under this act shall ~~exceed 10% when~~ be owned by:

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

(A) Was refused, denied, suspended, revoked, or surrendered or non-renewed in lieu of a pending disciplinary proceeding in any jurisdiction against such individual; and

(B) not subsequently granted or reinstated; or

(C) is otherwise not in good standing; or

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

(A) Was refused, denied, revoked, suspended, or surrendered or non-renewed in lieu of a pending disciplinary proceeding in any jurisdiction against such person; and

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

(ii) is otherwise not in good standing.

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

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

(3) Local and state law enforcement officers and agencies shall assist

the board in taking and processing fingerprints of individuals for any registration and shall release all records of adult convictions to the board.

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

(c) Each AMC applying for registration or for renewal of a registration under this act shall certify to the board on a form prescribed by the board that:

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

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

(A) Was refused, denied, suspended, revoked, or surrendered or non-renewed in lieu of a pending disciplinary proceeding in any jurisdiction against such individual; and

(B) (i) was not subsequently granted or reinstated; or
(ii) is otherwise not in good standing.

Sec. 4. K.S.A. 2017 Supp. 58-4721 is hereby amended to read as follows: 58-4721. ~~(a) Except within the first 30 days after an appraiser is first added to the appraiser panel of an AMC,~~ No AMC shall remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an appraiser without:

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

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

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

Sec. 5. K.S.A. 2017 Supp. 58-4704, 58-4708, 58-4709 and 58-4721 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

President of the Senate.

Secretary of the Senate.

Passed the HOUSE _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.