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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

February 22, 2010

Mr. Bruce Fitzsimmons, Chair  
Kansas Real Estate Appraisal Board  
Jayhawk Tower  
Roof Garden Level  
700 SW Jackson, Suite 1102  
Topeka, KS 66603

Dear Mr. Fitzsimmons:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Kansas appraiser regulatory program (Program) on September 1-2, 2009. This is the final ASC Compliance Review Report (Report) on that Review.

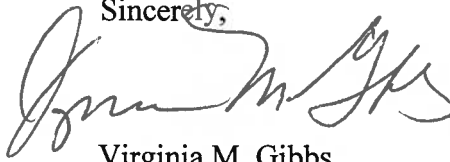
The ASC has considered the staff's preliminary findings regarding the Review and the State's response. The ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI). However, the ASC did identify the following concerns. Kansas must:

- Adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria (AQB Criteria);<sup>1</sup>
- Require that appraisals be performed in accordance with the latest version of the Uniform Standards of Professional Appraisal Practice (USPAP);<sup>2</sup>
- Use a reliable means of validating experience claims on all initial applications, including tax assessors;<sup>3</sup>
- Ensure continuing education courses are consistent with AQB Criteria;<sup>4</sup> and
- Maintain sufficient documentation to support that approved courses conform to AQB Criteria.<sup>5</sup>

The State's response indicated it has taken corrective actions, which are detailed in the attached Report. During the next Review, ASC staff will confirm these corrective actions have taken place and are appropriate. Please also be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Virginia M. Gibbs  
Chairman

Attachment

cc: Ms. Sally Pritchett, Executive Director

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<sup>1</sup> Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria

<sup>2</sup> Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 3; AQB Real Property Appraiser Qualification Criteria

<sup>3</sup> Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10G

<sup>4</sup> Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria

<sup>5</sup> Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10F

## ASC Compliance Review Report

**Finding: In Substantial Compliance**

Report Issue Date: February 22, 2010

**Kansas Appraiser Regulatory Program (Program)**

**Kansas Real Estate Appraisal Board (Board)**

ASC Compliance Review (Review) Date: September 1-2, 2009

Review Period: 10/2007 to 08/2009

**Independent Agency**

PM: K. Klamet

Number of State credentialed appraisers on National Registry:

Issue: FINAL

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Kansas Statutes, Regulations, Policies and Procedures:</b>	X		X					
States must adopt and/or implement all of the relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				The Board regulations allow qualifying education credit for teaching. AQB Real Property Appraiser Qualification Criteria (AQB Criteria) does not allow teaching as credit for qualifying education. In practice, however, the Board was complying with AQB Criteria.	The Board advised in its December 30, 2009 correspondence regulation changes are currently in process.	None	To strengthen the Program, Kansas should continue the process of amending its regulations to comply with AQB Criteria.	Upon adoption, please provide ASC staff with copies of adopted regulation changes.
<b>Kansas Statutes, Regulations, Policies and Procedures continued:</b>	X		X					
States must adopt and/or implement all of the relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				The Board regulations do not include the requirement that a USPAP instructor must also be a State certified appraiser. AQB Criteria requires that instructors for the 15-hour and 7-hour National USPAP courses be certified USPAP instructors who are also State certified real estate appraisers. In practice, however, the Board was complying with AQB Criteria.	The Board advised in its December 30, 2009 correspondence that regulation changes are currently in process.	None	To strengthen the Program, Kansas should continue the process of amending its regulations to comply with AQB Criteria.	Upon adoption, please provide ASC staff with copies of adopted regulation changes.

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**Independent Agency** PM: K. Klamet

**Number of State credentialed appraisers on National Registry:**

**Issue: FINAL**

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Kansas Statutes, Regulations, Policies and Procedures continued:</b>	X		X					
States must require that appraisals be performed in accordance with the latest version of the Uniform Standards of Professional Appraisal Practice (USPAP). (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 3; AQB Real Property Appraiser Qualification Criteria.)				<p>Kansas regulation (117-8-1) adopts the 2008-2009 edition of USPAP, however, it exempts Standards 6, 7, 8, 9, and 10. Standard 6 should not be exempted for two reasons:</p> <p>1. Any appraiser who becomes certified or licensed must always complete appraisal assignments in compliance with USPAP, even if State law exempts them from having to hold a certificate or license; and</p> <p>2. current Kansas regulations allow up to 25% of an applicant's experience to be in mass appraisal that conforms with Standard 6. This indicates that in order to get credit for mass appraisal experience, it must be USPAP compliant, but once an applicant becomes certified or licensed, mass appraisal does not have to be done in compliance with USPAP.</p>	The Board advised in its December 30, 2009 correspondence this regulation is in the process of being changed to include Standard 6.	None	To strengthen the Program, Kansas should continue the process of amending its regulations to comply with AQB Criteria.	Upon adoption, please provide ASC staff with copies of adopted regulation changes.
<b>Temporary Practice:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>National Registry:</b>	X							
				No compliance issues noted.	N/A	None	None	None

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**Independent Agency**

**PM: K. Klamet**

**Number of State credentialed appraisers on National Registry:**

**Issue: FINAL**

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Application Process:</b>	X		X					
States must use a reliable means of validating experience claims on all initial applications, including tax assessors. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10G.)				Two application files were identified (one certified residential and one certified general) that did not meet the 24- and 30- month experience requirement, respectively.	The Board advised in its December 30, 2009 correspondence the two applicants identified by the ASC as not having obtained experience over the appropriate time frame were contacted, and have provided logs demonstrating compliance with the 24- and 30- month timeframe.	None	To strengthen the Program, Kansas should implement an effective process of validating experience claims on all initial applications	During the next Review, the ASC will pay particular attention to this area for compliance with AQB Criteria and Policy Statement 10G.
<b>Reciprocity:</b>	X			No compliance issues noted.	N/A	None	None	None
<b>Education:</b>	X							
States must ensure continuing education courses are consistent with AQB Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				One course provider was identified that did not have IDECC approval for eight of the nine on-line continuing education courses approved by the Board. The identified course provider is a secondary provider. Under CAP, each secondary provider is required to have their own IDECC approval, even if the course is "housed" with the primary provider. The secondary provider is still responsible for ensuring adequate student-to-instructor interaction (including having their own instructors).	In its December 30, 2009 correspondence, the Board reported on-line courses provided by secondary providers without IDECC approval have been removed from the approved list. The Board notified all providers of the action and advised that IDECC approval must be obtained before the courses can be approved.	None	To strengthen the Program, Kansas should implement an effective process to ensure and document that appropriate delivery mechanism approval has been obtained on all distance education courses.	During the next Review, the ASC will pay particular attention to this area to ensure compliance with AQB Criteria.

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Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Education continued:</b>	X		X					
States must maintain sufficient documentation to support that approved courses conform to AQB Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10F.)				Three continuing education course files did not contain sufficient documentation. The files only contained the course renewal notice. One course was originally approved in 2002 and the other two courses were originally approved in 2003. ASC staff was unable to verify whether or not these courses qualified for continuing education.	In its December 30, 2009 correspondence, the Board reported some of the education files were believed to have been destroyed during a recent relocation of its office. During the education course renewal in November 2009, education providers were required to again provide the course materials in order to renew.	None	To strengthen the Program, Kansas should implement an effective process to ensure that files contain sufficient documentation to support approval of courses as conforming to AQB Criteria.	During the next Review, the ASC will pay particular attention to this area to ensure compliance with AQB Criteria and Policy Statement 10F.
<b>Enforcement:</b>	X							
				No compliance issues noted.	N/A	None	None	None