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Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 26, 2007

Mr. Michael McKenna, Chair
Kansas Real Estate Appraisal Board
1100 S.W. Wanamaker Road, Suite 104
Topeka, Kansas 66604

Dear Mr. McKenna:

Thank you for the Kansas Real Estate Appraisal Board's ("Board") cooperation and assistance in the October 25-26, 2007 Appraisal Subcommittee ("ASC") review of the Kansas real estate appraiser regulatory program ("Program").

As discussed below, Kansas needs to address one deficiency to bring the Program into substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

- **Kansas' statute regarding reinstating revoked certifications did not conform to AQB criteria.**

In May 2006, the AQB adopted an interpretation to its criteria that, to reactivate a credential, a credential holder in an inactive status must complete all required continuing education hours that would have been required if the credential holder was in an active status.

Section 58-4117(d) of Kansas' statute provides that, "[a] certificate or license that has been revoked as a result of disciplinary action by the Board shall not be reinstated unless the applicant presents evidence of completion of the continuing education required *unless the applicant for reinstatement was required to successfully complete an examination as a condition of reinstatement.*" [Emphasis added.] While on site, ASC staff learned that no appraisers have reinstated their credentials under this section.

Under the AQB interpretation, successful completion of an examination cannot be substituted for completion of all required continuing education hours that would have been required if the reinstating credential holder had been in an active status.

To remedy this deficiency, the Board needs to:

1. Ensure that no certified appraisers are reinstated under § 58-4117(d) of the statute;
2. Initiate the process for amending the statute as soon as possible to ensure that it conforms with the AQB interpretation noted above;
3. Provide us with a copy of the draft amendment for our review;

4. Keep us advised about the status of the amendment as it goes through the legislative process; and
5. Provide us, within seven days from the date of its adoption, a copy of the final amendment.

Unless otherwise noted above, please respond to our findings and recommendations within 60 days following the receipt of this letter. Until the expiration of that period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Sally Pritchett, Executive Director