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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 18, 2018

Mr. Rick Livingston, Chairman
Kansas Real Estate Appraisal Board
700 SW Jackson, Suite 804
Topeka, KS 66603

Dear Mr. Livingston:

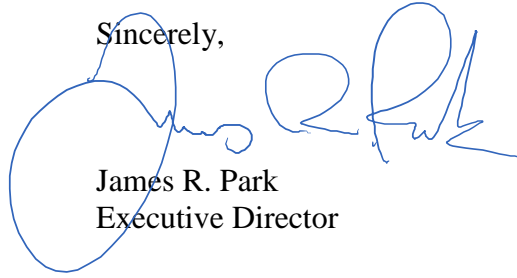
We appreciate the opportunity to comment on House Bill No. 2414, proposed legislation to amend K.S.A. 2016 Supp. 58-4121 and repeal the existing section relating to real estate appraisers. The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council is charged with overseeing State appraiser regulatory programs (State Programs) for compliance with federal statutory requirements in their supervision of appraisers eligible to conduct appraisals for federally related transactions. While we recognize the proposed legislation applies to appraisal activity for non-federally related transactions, the proposed legislation has the potential to negatively impact Kansas' State Program, as well as appraisal activity in general in your State.

The proposed legislation, if adopted, would allow appraisers to use alternate standards in place of the *Uniform Standards of Professional Appraisal Practice* (USPAP), which are the generally recognized ethical and performance standards for the appraisal profession in the United States. The proposed legislation has the potential to result in misleading or even fraudulent appraisal reports by allowing critical provisions in USPAP to be disregarded.

The proposed legislation, if adopted, could also pose negative implications for Kansas' State Program in the investigation of complaints against appraisers. The State Program would be required to effectively ensure that USPAP is applied when required by federal law, and to evaluate when, on the other hand, it is permissible for an appraiser to apply lesser "standards of valuation practice." This could well require allocation of additional resources to support the State Program's effective supervision of appraisers. Additionally, the Appraiser Qualifications Board (AQB) publishes minimum requirements for appraisers to become State credentialed as either Licensed or Certified Appraisers. Those requirements include education, examination and experience in performing appraisals that are USPAP compliant. Both the State Program and applicants for State credentialing would need to exercise caution to ensure experience credited is only that work that is USPAP compliant. If not, applicants may find themselves having to acquire additional experience to qualify for State credentialing if some of the work is performed pursuant to standards other than USPAP. This is also critical to the requirements for recognition of appraisers for Temporary Practice Permits and Reciprocity, which are encouraged by federal law to allow reasonably free movement of State credentialed appraisers across State lines.

Again, we appreciate the opportunity to comment. Please do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'James R. Park', is written over the typed name. The signature is fluid and cursive, with a large initial 'J' and 'P'.

James R. Park
Executive Director

cc: Ms. Sally Pritchett, Executive Director, Real Estate Appraisal Board