SB 345 creates the Kansas Appraisal Management Company Registration Act to provide a process for registration and regulation of entities conducting, performing, or engaging in real estate appraisal management services as real estate appraisal management companies in the state of Kansas.

The bill requires registration of appraisal management companies by the Kansas Real Estate Appraisal Board (Board). The bill defines appraisal management companies (AMC) as entities acting as extended third parties authorized to perform appraisal management services, either by a creditor in a consumer credit transaction that is secured by a consumer's principal dwelling, or by an underwriter or a principal in the secondary mortgage market when such entity oversees more than 15 licensed Kansas appraisers or more than 25 appraisers licensed in Kansas and another jurisdiction. Appraisal management services consist of administering an appraiser panel, recruiting qualified appraisers, assigning appraisal orders, and submitting completed appraisals to clients.

The bill prohibits any AMC from engaging in appraisal management services without first registering with the Board. The registration period will run from October 1 to September 30 of the following year. The application for registration must include contact information and other specific information. The bill exempts any AMC that is a subsidiary of a financial institution regulated by a federal financial institutions regulatory agency, AMCs that exclusively employ appraisers, and Kansas licensed appraisers actively engaged in real estate appraisals if the entity does not have more than 15 appraisers. The fees for registration and renewal of registration are set by the Board in an amount not to exceed $3,500. The initial registration fee will be prorated if the applicant applies with less than 11 months left in the registration period. Late renewal fees will not be more than $500. Registration fees will be deposited in the Appraiser Fee Fund and civil fines will be deposited in the State General Fund. The AMC federal registry fees will be deposited into the State Treasury in the AMC Federal Registry Clearing Fund, which will not be subject to limitation by appropriations acts.

The bill places several limitations on ownership interests in an AMC. No interest in excess of 10 percent of the AMC may be held by individuals or entities that have had their appraisal credentials revoked or suspended, or otherwise are not in good standing. Individuals owning more than 10 percent interest will have to be of good moral character, will be required to be fingerprinted, and will submit to the Board a national background check. Any AMC having one controlling person designated as the main contact with the Board will be subject to fingerprinting and background check requirements.

AMCs are required to:

- Use Kansas licensed appraisers;
- Certify annually if a system is in place to verify that each appraiser on their panels has a license in good standing and is geographically competent;
- Certify annually that it maintains detailed records of each appraisal service request received by the AMC;
- Maintain records for five years;
● Have a system in place to ensure that client fees are disclosed to the client; and

● Not prohibit an appraiser from disclosing the appraiser’s fee in an appraisal report submitted to the client.

The bill sets forth unlawful acts, such as influencing the development, reporting, result, or review of an appraisal report through coercion, extortion, collusion, or intimidation. The bill also makes it unlawful for an AMC to require an appraiser to indemnify the AMC or to hire or to contract with an appraiser that is not properly credentialed and not in good standing. In addition, the bill makes it unlawful to violate any provisions of the Act or any order by the Board, or not fully cooperate in any investigation by the Board. Under the bill, any unlawful act will be a Class C misdemeanor.