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To: House Financial Institutions Committee

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Subject: **SB 345** -- Supporting Legislation by the Kansas Real Estate Appraisal Board to Regulate Appraisal Management Companies Operating in the State of Kansas

Chairman Knox and members of the House Financial Institutions Committee, thank you for the opportunity to appear today to offer testimony on behalf of the Kansas Association of REALTORS® in support of **SB 345**. Through the comments expressed herein, it is our hope to provide additional legal and public policy context to the discussion on this issue.

KAR is the state's largest professional trade association, representing nearly 8,000 members involved in both residential and commercial real estate and advocating on behalf of the state's 700,000 homeowners for over 90 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life, sustainable communities and providing affordable housing opportunities, while protecting the rights of private property owners.

On July 21, 2010, President Barack Obama signed into law **H.R. 4173**, which is commonly known as the Dodd-Frank Wall Street Reform and Consumer Protection Act (hereinafter "the Dodd-Frank Act"). Under Section 1124 of the Dodd-Frank Act, all states are required to adopt minimum registration requirements established by the Appraisal Subcommittee and various financial regulatory agencies for appraisal management companies (AMCs). If a state has not passed legislation by a date certain, then any AMCs doing business in the state would be required to join a federal registry and adhere to rules drafted at the federal level by the Appraisal Subcommittee and the various financial regulatory agencies.

Over the course of the past year, the Kansas Real Estate Appraisal Board (KREAB) has worked with a very broad and diverse group of appraisal, mortgage lending and real estate industry professionals and stakeholders in a series of meetings to draft this legislation. Accordingly, the resulting legislation creates a delicate balance between consumer protection and industry effectiveness while eliminating some of the most problematic practices that were prevalent in the appraisal management company industry prior to the passage of the federal legislation.

At this time, it is estimated that approximately 28 states have adopted legislation regulating AMCs that will satisfy the minimum registration requirements adopted at the federal level under the Dodd-Frank Act and **SB 345** passed the Kansas Senate on a vote of 40 to 0. For the most part, the states that have adopted legislation have followed the model legislation on the issue drafted by the Appraisal Institute and the Appraisal Subcommittee, which closely mirrors the legislation drafted by KREAB.

For all the foregoing reasons, we would urge the members of the House Financial Institutions Committee to strongly support the provisions of **SB 345** and enact reasonable, common-sense regulation of appraisal management companies operating in Kansas. Once again, thank you for the opportunity to provide comments on **SB 345** and I would be happy to respond to any questions from the committee members at the appropriate time.