

Approved: 2/20/96
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION.

The meeting was called to order by Chairperson Al Ramirez at 1:30 p.m. on February 7, 1996 in room 531--N of the Capitol.

All members were present except: Senator Feleciano - Excused

Committee staff present: Julian Efird, Legislative Research Department
Fred Carman, Revisor of Statutes
Jacqueline Breymeyer, Committee Secretary

Conferees appearing before the committee: Mike Haynes, Director-Real Estate Appraisal Board

Others attending: See attached list

The meeting of the Governmental Organization Committee presided over by Senator Ramirez, Chairman, was called to order at 1:37 p.m.

The agenda for the day was:

SB 562--concerning real estate appraisers; renewal of certificate of license

Mike Haynes, Director of the Appraisal Board, appeared in support of the bill and stated that on the advice of the Attorney General's office the Appraisal Board is requesting passage of SB 562 and

SB 563--concerning the state certified and licensed real property appraisers act; board actions on licenses and certificates.

Mr. Haynes' handout (Attachment 1) summarized the two bills. Mr. Haynes directed attention to page 2 of the handout and 58-4112(a) and explained it. This legislation would exempt licensed or certified real estate appraisers who have been licensed for less than one year from the continuing education requirements. He commented that if an appraiser would get licensed today, the way the current law reads they would have to perform a ten-hour continuing education requirement before May 31. Both bills will help the Board to function in a better way.

Mr. Haynes was asked how many years has this been done the way it is now.

His response was, ever since the Appraisal Board was initiated in 1991. It has created a lot of problems for first-year appraisers.

Asked if there was any disagreement on the bill, Mr. Haynes replied that there is a definite consensus for the bill mainly because when a person gets a license they have to take a continuing education course immediately after they get it before May 31. If a person gets a license in April, they have to take the continuing education course before May 31. He reiterated that it would only affect the first year.

As there were no further conferees on SB 562, the Chairman declared the hearing closed.

The Chairman opened the hearing on SB 563--concerning the state certified and licensed real property appraisers act; board actions on licenses and certificates.

Mike Haynes began by reading 58-4118(a) which states, "The Board may investigate the actions of a state certified or licensed appraiser and may revoke, or suspend the certificate or license of the appraiser, or censure the appraiser, for any of the follow acts or omissions:" He stated that what the Board would like to do is add the words "condition, limit" after the word 'revoke,' What this means is that if there is a licensed or certified appraiser who does an appraisal and has a complaint brought against them, the Board feels that they could take another class, something like a uniform standards class or something of this type, while they are still practicing appraisal; not to take the license away, but give them the opportunity to take a class. The way it is now, the Board can only suspend or revoke a license.

CONTINUATION SHEET

MINUTES OF THE SENATE GOVERNMENTAL ORGANIZATION COMMITTEE ROOM 531--N
Statehouse, at 1:30 p.m. on February 7, 1996.

Mr. Haynes went on to explain the new legislation in the bill. NEW(13) and NEW(14) were read and Mr. Haynes explained that this language meant that if there was a licensed or certified appraiser in the State of Kansas and that appraiser went to an adjoining state and did an appraisal in that state and that person's license was suspended or revoked, the Kansas Board could take action against that person. The same reasoning pertains to action by the federal government. As these persons are licensed by the Board, the Board would like to find out why action was taken and take action and allow the person to have an administrative hearing.

Mr. Haynes was asked when this particular type of situation occurs, is the appraiser in question still doing appraisals. He responded in the affirmative. This is why the Board wants to be able to obtain the information on what happened in the particular jurisdiction and take appropriate action. The Board needs to get the particular individual into a hearing and listen the related facts.

Attention was directed to page 3, section (d). Mr. Haynes explained why this section is needed. He stated that when an appraiser applies for a license to the Board, an application is filled out. In the application is an appraisal log sheet. Every appraisal done for the 2000 hours is listed. When the Board receives the appraisal log sheet, it chooses 3 of the appraisals. The applicant then submits those appraisals to the Board. The Board reviews the appraisals to see if they comply with uniform standards of professional appraisal practice. The problem is that when these log sheets are filled out, there is no evidence that the appraisals have actually been done. The Board wants the ability to go to the appraiser's place of business and look through their files and see if the appraisals actually exist.

Mr. Haynes was asked how many appraisals it takes to get 2000 hours. He responded that it depends on the type of appraisal, whether residential, commercial or farmland.

The legal repercussions of this legislation was discussed and the fear of the obstruction of civil rights and privacy rights.

Mr. Haynes directed attention to page 3, line 10. The Board would like to amend the bill by changing the words "without prior" to "within reasonable" notice.

The Revisor stated that the question the committee seems to be trying to get at is the question of power. This is a policy question the committee will have to address.

The Chairman closed the hearing on **SB 563**. He called for action on **SB 562**.

Senator Reynolds recommended SB 562 favorably for passage. Senator Papay seconded the motion. The motion carried.

On the minutes of February 6, Senator Jordan moved the minutes of February 6 be approved. Senator Harris seconded the motion. The motion carried.

The meeting was adjourned
at 2:15 p.m.

MEMORANDUM

TO: Senate Governmental Affairs Committee
FROM: Mike Haynes - Kansas Appraisal Board Director
SUBJECT: K.S.A. 58-4112, K.S.A. 58-4118(a)(13) and (14) and K.S.A. 58-4123(d).
DATE: 2/7/96

SENATE BILL 562

58-4112. **Renewal of certificate or license.** (a) To obtain renewal of a certificate or license, the holder of a current, valid certificate or license shall make application for renewal on a form provided by the board and pay the fee prescribed pursuant to K.S.A. 1992 Supp. 58-4107 and amendments thereto to the board not earlier than 120 days nor later than 30 days prior to the expiration date of the certificate or license then held. With the application for renewal, except for the first renewal period following licensure or certification, the applicant shall present evidence in the form prescribed by the board of having completed the continuing education requirements for renewal specified in this act.

SENATE BILL 563

K.S.A. 58-4118(a)

The Board may investigate the actions of a state certified or licensed appraiser and may revoke, condition, limit or suspend the certificate or license of the appraiser, or censure the appraiser, for any of the following acts or omissions:

NEW (13) disciplinary action in relation to appraisal work, including but not limited to denial, revocation or suspension of a license or certificate by another state, district or territory of the United States or another country; or

NEW (14) receipt an order of prohibition in relation to appraisal work, by consent or otherwise, issued by an agency of the federal government.

K.S.A. 58-4123(d)

NEW (d) The application for or acceptance of a license or certificate shall be deemed conclusively to be the consent of the applicant, licensee or certificate holder to the right of inspection of appraisal records, reports and supporting data by the board or the board's authorized representative without prior notice (within reasonable notice) during normal business hours unless otherwise agreed. Each applicant or appraiser shall grant full access to all appraisal records, reports and supporting data to the board or the boards representative. Refusal of such inspection shall be grounds for denial, suspension or revocation of the license or certificate.

*Senate Governmental Organization
Attachment 1
2/7/96*

MEMORANDUM

ITEM NO. /

TO: Senate Governmental Affairs Committee
FROM: Mike Haynes - Kansas Appraisal Board Director
SUBJECT: K.S.A. 58-4112(a)
DATE: 2/7/96

58-4112. Renewal of certificate or license. (a) To obtain renewal of a certificate or license, the holder of a current, valid certificate or license shall make application for renewal on a form provided by the board and pay the fee prescribed pursuant to K.S.A. 1992 Supp. 58-4107 and amendments thereto to the board not earlier than 120 days nor later than 30 days prior to the expiration date of the certificate or license then held. With the application for renewal, except for the first renewal period following licensure or certification, the applicant shall present evidence in the form prescribed by the board of having completed the continuing education requirements for renewal specified in this act.

Currently, all real estate appraisers must complete ten hours of continuing education prior to May 31 each year to renew an appraisal license. This legislation would exempt licensed or certified real estate appraisers who have been licensed for less than one year from the continuing education requirements.

MEMORANDUM

TO: Senate Governmental Affairs Committee
FROM: Mike Haynes - Kansas Appraisal Board Director
SUBJECT: K.S.A. 58-4118(a)(13) and (14)
DATE: 2/7/96

K.S.A. 58-4118(a) The Board may investigate the actions of a state certified or licensed appraiser and may revoke, condition, limit or suspend the certificate or license of the appraiser, or censure the appraiser, for any of the following acts or omissions:

NEW (13) disciplinary action in relation to appraisal work, including but not limited to denial, revocation or suspension of a license or certificate by another state, district or territory of the United States or another country:

NEW (14) receipt of an order of prohibition in relation to appraisal work, by consent or otherwise, issued by an agency of the federal government.

K.S.A. 58-4118(a) has been changed to allow the Appraisal Board to put conditions on or limit (restrict) the license or certificate for a period of time. Currently, this statute only allows the Board to revoke or suspend a license or certificate. This new legislation will also allow the Board to require a licensed or certified appraiser to complete a specific requirement while still practicing (additional course-work or training) or restrict the appraiser from appraising specific properties over a particular timeframe.

K.S.A. 58-4118(a)(13) This legislation would give the Appraisal Board the authority to take disciplinary action against a Kansas licensed or certified appraiser who has violated the Kansas State Certified and Licensed Real Property Appraisers Act or the Uniform Standards of Professional Appraisal Practice in another state.

K.S.A. 58-4118(a)(14) This legislation would give the Appraisal Board the authority to take disciplinary action against a Kansas licensed or certified appraiser who has received an "Order" (Order of Prohibition) from any Federal Government Agency, which prohibits the appraiser from performing appraisals for federally related transactions.

Note: Under K.S.A. 58-4118(d) All administrative proceedings pursuant to this section shall be conducted in accordance with the Kansas administrative procedures act.

MEMORANDUM

TO: Senate Governmental Affairs Committee
FROM: Mike Haynes - Kansas Appraisal Board Director
SUBJECT: K.S.A. 58-4123(d).
DATE: 2/7/96

K.S.A. 58-4123(d)

NEW (d) The application for or acceptance of a license or certificate shall be deemed conclusively to be the consent of the applicant, licensee or certificate holder to the right of inspection of appraisal records, reports and supporting data by the board or the board's authorized representative without prior notice (within reasonable notice) during normal business hours unless otherwise agreed. Each applicant or appraiser shall grant full access to all appraisal records, reports and supporting data to the board or the boards representitve. Refusal of such inspection shall be grounds for denial, suspension or revocation of the license or certificate.

All new applicants that apply for licensure or certification must list all of their appraisal reports by date and location on a experience log sheet which is included in the application. This proposed legislation would allow the Appraisal Board to verify that all the appraisals do actually exist and each appraisal report does pertain to the experience hours that are recorded on the application by the new applicant.

This Bill would also allow the Appraisal Board to investigate any pertinent appraisal documentation in regards to a complaint that has been filed against a licensed or certified appraiser.

Note: Upon further review of Senate Bill 463, the Appraisal Board is requesting to amend 58-4123(d) which is Page #3 - Line #10 to read *within reasonable notice* instead of *without prior notice*.