# Kansas Administrative Regulations

## Office of the State Bank Commissioner

### Article 11.—Documentation Requirements

**17-11-21. Appraisals and evaluations.**

(a) Except for the transactions that meet the requirements of subsection (b) or (c), an accurate appraisal of all real estate mortgaged to secure principal debt of $25,000 or more to a bank shall be made by an appraiser who is licensed or certified by the state in which the property is located and who is independent of the transaction.

(b) Two officers or directors of the bank, or a qualified individual who is independent of the transaction, may complete an evaluation of real estate mortgaged in the following types of real estate-related transactions:

(1) Real estate mortgaged to secure either of the following:

(A) Principal debt of $400,000 or less, secured by a single one- to four-family residential property, including construction loans and business loans secured by a single one- to four-family residential property; or

(B) principal debt of $500,000 or less, not secured by a single one- to four-family residential property;

(2) business loans with a principal debt of $1 million or less secured by real estate, if the primary source of repayment is not dependent upon the sale of, or rental income from, the real estate; or

(3) renewals or refinancing of loans secured by real estate, in any amount, if either of the following conditions is met:

(A) There is no advancement of new money other than funds necessary to cover reasonable closing costs; or

(B) there has been no obvious and material change in market conditions or physical aspects of the property that affects the adequacy of the real estate collateral or the validity of an existing appraisal, even with the advancement of new money.

(4) If a bank enters into a transaction that is secured by several individual properties, the estimate of value of each individual property shall determine whether an appraisal or evaluation would be required for that property under subsection (b).

(c) Neither an appraisal nor an evaluation shall be required for the following types of real estate-related transactions:

(1) Loans that are well supported by income or other collateral if real estate is taken as additional collateral solely in an abundance of caution;

(2) loans to acquire or invest in real estate if a security interest is not taken in real estate;

(3) liens taken on real estate to protect rights to, or control over, collateral other than real estate;

(4) real estate operating leases that are not the equivalent of a purchase or sale; or

(5) real estate-related loans that have met all appraisal requirements necessary to be sold to or insured by, any United States government agency or any United States government-sponsored agency.

(d) Each individual who conducts an appraisal or evaluation shall view the premises, make a written statement of value, and sign and file the statement with the bank. Each appraisal shall comply with applicable state standards. Each evaluation shall include the following:

(1) A legal description of the property, including street address if applicable;

(2) the owner(s) of the property;

(3) the type and general condition of improvements, including approximate age, size, and construction;

(4) the basis for determining the value of the property; and

(5) the date of the evaluation or appraisal and a signature of each evaluator or appraisers.

(e) Despite any other provisions of this regulation, an appraisal or evaluation may be required by the commissioner if it is deemed necessary to address safety and soundness concerns.

(f) As used in this regulation, a "business loan" means a loan or extension of credit to any corporation, general or limited partnership, business trust, joint venture, pool, syndicate, sole proprietorship, or other business entity.

(Authorized by K.S.A. 9-1713; implementing K.S.A. 9-1101; effective Jan. 1, 1966; amended May 1, 1978; amended Jan. 27, 1992; amended Oct. 19, 1992; amended Jan. 25, 1993; amended Sept. 20, 1993; amended Sept. 19, 1994; amended Aug. 9, 1996; amended Jan. 18, 2002; amended July 11, 2014; amended Oct. 18, 2024.)