

# HOUSE BILL REPORT

## SHB 2430

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*As Passed House  
February 13, 1992*

**Title:** An act relating to real estate appraisers.

**Brief Description:** Regulating real estate appraisers.

**Sponsor(s):** By House Committee on Commerce & Labor  
(originally sponsored by Representatives O'Brien and May).

**Brief History:**

Reported by House Committee on:  
Commerce & Labor, February 7, 1992, DPS;  
Passed House, February 13, 1992, 96-0.

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**HOUSE COMMITTEE ON  
COMMERCE & LABOR**

**Majority Report:** *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 11 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; Vance; and Wilson.

**Staff:** Jim Kelley (786-7166).

**Background:** In 1988, the Department of Licensing performed a sunrise review of the real estate appraisal industry. The department recommended that no certification or licensing be required. However, the department further recommended that if federal law were to require state certification of appraisers, the Legislature should provide only the minimal level of certification to meet the federal standards.

In 1988, the federal Office of Management and Budget issued a directive to federal agencies to require state certified appraisals for certain transactions by July 1, 1991. In 1989, a state certification program was enacted by the Legislature to allow Washington appraisers to perform appraisals for these transactions.

The Washington Certified Real Estate Appraiser Act prohibits a person from using the terms "certified appraisal" or "state certified real estate appraiser" unless he or she is certified by the state. There are two classes of

certification. A certified residential real estate appraiser may render appraisals of residential real property of one to four units. A certified general real estate appraiser may make certified appraisals of all types of real property.

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council, the agency responsible for monitoring all states' compliance with federal mandates of Title XI of the Federal Institutions Reform, Recovery and Enforcement Act of 1989, has strongly encouraged Washington to add a third level of certification to allow temporary practice by qualified out-of-state appraisers and to change our nomenclature so that it is consistent with the federal classifications.

**Summary of Bill:** There are three levels of real estate appraiser certification. A state-certified general real estate appraiser may render certified appraisals of all types of property. A state-certified residential real estate appraiser may make certified appraisals of residential property of one to four units without regard to transaction value or complexity and nonresidential property having a transaction value less than \$250,000. A state-licensed real estate appraiser may make licensed appraisals of noncomplex property of one to four residential units having a transaction value less than \$1 million, complex property of one to four residential units having a transaction value less than \$250,000 and nonresidential property having a transaction value less than \$250,000.

The director is authorized to establish and appoint the members for a real estate appraiser advisory committee to advise the director.

A person who is certified or licensed by another state may receive a temporary licensing or certification in Washington, good for 60 days, by paying a fee and filing a notarized application with the department.

The disciplinary powers of the department are expanded. Nomenclature used in Washington is made consistent with federal regulations.

**Fiscal Note:** Requested February 1, 1992.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** We need this bill to be consistent with federal standards.

**Testimony Against:** None.

**Witnesses:** (in favor) Michael Lamb, Appraisal Institute and American Society of Independent Fee Appraisers; and Cleotis Borner, Department of Licensing.