

HOUSE BILL REPORT

HB 1400

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to real estate appraisers.

Brief Description: Regulating real estate appraisers.

Sponsors: Representatives Heavey and Franklin; by request of
Department of Licensing.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 19, 1993, DP.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members:
Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk,
Ranking Minority Member; Conway; Horn; King; Springer; and
Veloria.

Staff: Jim Kelley (786-7166).

Background: In 1988, the Department of Licensing conducted 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 as specified in rules adopted by the director. A state-licensed real estate appraiser may make licensed appraisals of noncomplex property of one to four residential units, and complex property of one to four residential units and nonresidential property having a transaction value as specified in rules adopted by the director.

This act does not preclude a person who is not certified or licensed from appraising real estate in this state for compensation, except in federally related transactions requiring licensure or certification.

The authority of the director is expanded to include the authority to:

1. Enter into contracts for professional services determined to be necessary for adequate enforcement of this chapter;
2. Investigate all complaints or reports of unprofessional conduct and to hold hearings;
3. Take emergency action ordering summary suspension of a license or certification pending proceedings by the director; and
4. Adopt standards of professional conduct or practice.

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 90 days, by paying a fee and filing a notarized application with the department.

The list of acts or omissions for which the director may suspend or revoke a license or certification, or fine an appraiser, is expanded to include, among others:

1. Obtaining a license or certification through the mistake or inadvertence of the director;
2. Conviction of any gross misdemeanor or felony or the commission of any act involving moral turpitude, dishonesty, or corruption;
3. False, fraudulent, or misleading advertising; and
4. Issuing an appraisal report on any real property in which the appraiser has an interest unless, his or her interest is clearly stated in the appraisal report.

Nomenclature used in Washington is made consistent with federal regulations.

Fiscal Note: Available.

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

Testimony For: This bill further opens up the practice of real estate appraising. We should bring our program into compliance with the federal requirements. This bill will also help alleviate the difficulty experienced when trying to find appraisers for rural real estate transactions.

Testimony Against: None.

Witnesses: Cleotus Borner, Department of Licensing; Michael Lamb, Real Estate Advisory Committee; Sally Strickland and Jim Irish, Appraisal Institute; Bernard Roederer, certified appraiser; and Glen Hudson, Washington Association of Realtors (all in favor).