

SENATE BILL REPORT

HB 1400

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, MARCH 30, 1993

Brief Description: Regulating real estate appraisers.

SPONSORS: Representatives Heavey and Franklin; by request of Department of Licensing

HOUSE COMMITTEE ON COMMERCE & LABOR

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Barr, Cantu, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sutherland, Vognild, and Wojahn.

Staff: Benson Porter (786-7470)

Hearing Dates: March 25, 1993; March 30, 1993

BACKGROUND:

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, the Legislature enacted a state certification program to allow Washington appraisers to perform appraisals for federally related transactions.

The Washington Certified Real Estate Appraiser Act establishes two classes of certified appraisers. 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 federal agency responsible for monitoring state compliance with the Federal Institutions Reform, Recovery and Enforcement Act of 1989, has strongly encouraged Washington to add a third level and to change our nomenclature to be consistent with the federal classifications.

SUMMARY:

A "state licensed real estate appraiser" level is created and other conforming amendments are made.

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 certain nonresidential 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 certain nonresidential property. A state-certified general real estate appraiser may render certified appraisals of all types of property.

A person who is not certified or licensed is not precluded 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.

In addition to pre-existing revocation and suspension authority, the director may levy a fine of up to \$1,000 per violation of various prohibited acts or omissions. Moreover, the list of prohibited activities is expanded to include:

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 amended to conform with federal regulations.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

The additional classification of real estate appraiser and other modifications made by the bill will conform Washington's real estate appraiser laws with federal requirements. State agencies should be required to obtain the services of certified/licensed appraisers.

TESTIMONY AGAINST: None

TESTIFIED: Cleotis Borner, Department of Licensing (pro); Michael Lamb, Chair, Real Estate Advisory Board (pro); James Tesso, National Association of Independent Fee Appraisers (pro); Jim Irish, Seattle Chapter of the Appraisal Institute (pro); James Lema (pro with amendment); Glen Hudson, Washington Association of Realtors (pro)