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HOUSE BILL 3004

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State of Washington                      55th Legislature                      1998 Regular Session

By Representatives D. Schmidt and Scott

Read first time 01/27/98. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to real estate appraisers; amending RCW 18.140.010,  
2 18.140.030, and 18.140.140; adding new sections to chapter 18.140 RCW;  
3 and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 18.140.010 and 1997 c 399 s 1 are each amended to read  
6 as follows:

7            As used in this chapter, the following terms have the meanings  
8 indicated unless the context clearly requires otherwise.

9            (1) "Appraisal" means the act or process of estimating value; an  
10 estimate of value; or of or pertaining to appraising and related  
11 functions.

12            (2) "Appraisal report" means any communication, written or oral, of  
13 an appraisal, review, or consulting service in accordance with the  
14 standards of professional conduct or practice, adopted by the director,  
15 that is transmitted to the client upon completion of an assignment.

16            (3) "Appraisal assignment" means an engagement for which an  
17 appraiser is employed or retained to act, or would be perceived by  
18 third parties or the public as acting, as a disinterested third party  
19 in rendering an unbiased analysis, opinion, or conclusion relating to

1 the value of specified interests in, or aspects of, identified real  
2 estate. The term "appraisal assignment" may apply to valuation work  
3 and analysis work.

4 (4) "Brokers price opinion" means an oral or written report of  
5 property value that is prepared by a real estate broker or salesperson  
6 licensed under chapter 18.85 RCW.

7 (5) "Certified appraisal" means an appraisal prepared or signed by  
8 a state-certified real estate appraiser. A certified appraisal  
9 represents to the public that it meets the appraisal standards defined  
10 in this chapter.

11 (6) "Client" means any party for whom an appraiser performs a  
12 service.

13 (7) (~~("Committee")~~) "Commission" means the real estate appraiser  
14 (~~(advisory committee)~~) commission of the state of Washington.

15 (8) "Comparative market analysis" means a brokers price opinion.

16 (9) "Department" means the department of licensing.

17 (10) "Director" means the director of the department of licensing.

18 (11) "Expert review appraiser" means a state-certified or state-  
19 licensed real estate appraiser chosen by the director for the purpose  
20 of providing appraisal review assistance to the director.

21 (12) "Federal department" means an executive department of the  
22 United States of America specifically concerned with housing finance  
23 issues, such as the department of housing and urban development, the  
24 department of veterans affairs, or their legal federal successors.

25 (13) "Federal financial institutions regulatory agency" means the  
26 board of governors of the federal reserve system, the federal deposit  
27 insurance corporation, the office of the comptroller of the currency,  
28 the office of thrift supervision, the national credit union  
29 administration, their successors and/or such other agencies as may be  
30 named in future amendments to 12 U.S.C. Sec. 3350(6).

31 (14) "Federal secondary mortgage marketing agency" means the  
32 federal national mortgage association, the government national mortgage  
33 association, the federal home loan mortgage corporation, their  
34 successors and/or such other similarly functioning housing finance  
35 agencies as may be federally chartered in the future.

36 (15) "Federally related transaction" means any real estate-related  
37 financial transaction that the federal financial institutions  
38 regulatory agency or the resolution trust corporation engages in,

1 contracts for, or regulates; and that requires the services of an  
2 appraiser.

3 (16) "Financial institution" means any person doing business under  
4 the laws of this state or the United States relating to banks, bank  
5 holding companies, savings banks, trust companies, savings and loan  
6 associations, credit unions, consumer loan companies, and the  
7 affiliates, subsidiaries, and service corporations thereof.

8 (17) "Licensed appraisal" means an appraisal prepared or signed by  
9 a state-licensed real estate appraiser. A licensed appraisal  
10 represents to the public that it meets the appraisal standards defined  
11 in this chapter.

12 (18) "Mortgage broker" for the purpose of this chapter means a  
13 mortgage broker licensed under chapter 19.146 RCW, any mortgage broker  
14 approved and subject to audit by the federal national mortgage  
15 association, the government national mortgage association, or the  
16 federal home loan mortgage corporation as provided in RCW 19.146.020,  
17 any mortgage broker approved by the United States secretary of housing  
18 and urban development for participation in any mortgage insurance under  
19 the national housing act, 12 U.S.C. Sec. 1201, and the affiliates,  
20 subsidiaries, and service corporations thereof.

21 (19) "Real estate" means an identified parcel or tract of land,  
22 including improvements, if any.

23 (20) "Real estate-related financial transaction" means any  
24 transaction involving:

25 (a) The sale, lease, purchase, investment in, or exchange of real  
26 property, including interests in property, or the financing thereof;

27 (b) The refinancing of real property or interests in real property;  
28 and

29 (c) The use of real property or interests in property as security  
30 for a loan or investment, including mortgage-backed securities.

31 (21) "Real property" means one or more defined interests, benefits,  
32 or rights inherent in the ownership of real estate.

33 (22) "Review" means the act or process of critically studying an  
34 appraisal report prepared by another.

35 (23) "Specialized appraisal services" means all appraisal services  
36 which do not fall within the definition of appraisal assignment. The  
37 term "specialized appraisal service" may apply to valuation work and to  
38 analysis work. Regardless of the intention of the client or employer,  
39 if the appraiser would be perceived by third parties or the public as

1 acting as a disinterested third party in rendering an unbiased  
2 analysis, opinion, or conclusion, the work is classified as an  
3 appraisal assignment and not a specialized appraisal service.

4 (24) "State-certified general real estate appraiser" means a person  
5 certified by the director to develop and communicate real estate  
6 appraisals of all types of property. A state-certified general real  
7 estate appraiser may designate or identify an appraisal rendered by him  
8 or her as a "certified appraisal."

9 (25) "State-certified residential real estate appraiser" means a  
10 person certified by the director to develop and communicate real estate  
11 appraisals of all types of residential property of one to four units  
12 without regard to transaction value or complexity and nonresidential  
13 property having a transaction value as specified in rules adopted by  
14 the director. A state certified residential real estate appraiser may  
15 designate or identify an appraisal rendered by him or her as a  
16 "certified appraisal."

17 (26) "State-licensed real estate appraiser" means a person licensed  
18 by the director to develop and communicate real estate appraisals of  
19 noncomplex one to four residential units and complex one to four  
20 residential units and nonresidential property having transaction values  
21 as specified in rules adopted by the director.

22 **Sec. 2.** RCW 18.140.030 and 1996 c 182 s 4 are each amended to read  
23 as follows:

24 The director (~~shall have~~), with the advice and approval of the  
25 commission, has the following powers and duties:

26 (1) To adopt rules in accordance with chapter 34.05 RCW necessary  
27 to implement this chapter;

28 (2) To receive and approve or deny applications for certification  
29 or licensure as a state-certified or state-licensed real estate  
30 appraiser under this chapter; to establish appropriate administrative  
31 procedures for the processing of such applications; to issue  
32 certificates or licenses to qualified applicants pursuant to the  
33 provisions of this chapter; and to maintain a register of the names and  
34 addresses of individuals who are currently certified or licensed under  
35 this chapter;

36 (3) To (~~establish~~) provide administrative assistance(~~, and~~  
37 ~~appoint~~) to the members for the real estate appraiser (~~advisory~~

1 ~~committee))~~ commission to enable the (~~committee))~~ commission to act  
2 (~~in an advisory capacity to the director~~);

3 (4) To solicit bids and enter into contracts with educational  
4 testing services or organizations for the preparation of questions and  
5 answers for certification or licensure examinations;

6 (5) To administer or contract for administration of certification  
7 or licensure examinations at locations and times as may be required to  
8 carry out the responsibilities under this chapter;

9 (6) To enter into contracts for professional services determined to  
10 be necessary for adequate enforcement of this chapter;

11 (7) To consider recommendations by the real estate appraiser  
12 advisory committee relating to the experience, education, and  
13 examination requirements for each classification of state-certified  
14 appraiser and for licensure;

15 (8) To impose continuing education requirements as a prerequisite  
16 to renewal of certification or licensure;

17 (9) To consider recommendations by the real estate appraiser  
18 advisory committee relating to standards of professional appraisal  
19 practice in the enforcement of this chapter;

20 (10) To investigate all complaints or reports of unprofessional  
21 conduct as defined in this chapter and to hold hearings as provided in  
22 this chapter;

23 (11) To establish appropriate administrative procedures for  
24 disciplinary proceedings conducted pursuant to the provisions of this  
25 chapter;

26 (12) To compel the attendance of witnesses and production of books,  
27 documents, records, and other papers; to administer oaths; and to take  
28 testimony and receive evidence concerning all matters within their  
29 jurisdiction. These powers may be exercised directly by the director  
30 or the director's authorized representatives acting by authority of  
31 law;

32 (13) To take emergency action ordering summary suspension of a  
33 license or certification pending proceedings by the director;

34 (14) To employ such professional, clerical, and technical  
35 assistance as may be necessary to properly administer the work of the  
36 director;

37 (15) To establish forms necessary to administer this chapter;

38 (16) To adopt standards of professional conduct or practice;

1 (17) To establish an expert review appraiser roster comprised of  
2 state-certified or licensed real estate appraisers whose purpose is to  
3 assist the director by applying their individual expertise by reviewing  
4 real estate appraisals for compliance with this chapter.  
5 Qualifications to act as an expert review appraiser shall be  
6 established by the director with the advice of the committee. An  
7 application to serve as an expert review appraiser shall be submitted  
8 to the real estate appraiser program, and the roster of accepted expert  
9 review appraisers shall be maintained by the department. An expert  
10 review appraiser may be added to or deleted from that roster by the  
11 director. The expert review appraiser shall be reimbursed for expenses  
12 in the same manner as the department reimburses the committee; and

13 (18) To do all other things necessary to carry out the provisions  
14 of this chapter and minimally meet the requirements of federal  
15 guidelines regarding state certification or licensure of appraisers  
16 that the director determines are appropriate for state-certified and  
17 state-licensed appraisers in this state.

18 **Sec. 3.** RCW 18.140.140 and 1996 c 182 s 7 are each amended to read  
19 as follows:

20 (1) A license or certificate issued under this chapter shall bear  
21 the signature or facsimile signature of the director and a license or  
22 certificate number assigned by the director, which for public use and  
23 other than for the internal and confidential appraiser-related  
24 recordkeeping purposes of the department on and after January 1, 2000,  
25 unless implemented earlier by the department, shall be separate and  
26 distinctly different from the personal identification code issued by  
27 the department for other purposes.

28 (2) Each state-licensed or state-certified real estate appraiser  
29 shall place his or her license or certificate number adjacent to or  
30 immediately below the title "state-licensed real estate appraiser,"  
31 "state-certified residential real estate appraiser," or "state-  
32 certified general real estate appraiser" when used in an appraisal  
33 report or in a contract or other instrument used by the licensee or  
34 certificate holder in conducting real property appraisal activities,  
35 except that the license or certificate number shall not be required to  
36 appear when the title is not accompanied by a signature as is typical  
37 on such promotional and stationery items as brochures, business cards,  
38 forms, or letterhead.

1        NEW SECTION.    **Sec. 4.**    The certified real estate appraiser account  
2 is created in the custody of the state treasurer. All receipts from  
3 RCW 18.140.050, together with any other monetary fees, finds,  
4 forfeitures and/or penalties received pursuant to this chapter, must be  
5 deposited into the account. Expenditures from the account may be used  
6 only for the purposes of this chapter. Only the director of licensing  
7 or the director's designee may authorize expenditures from the account.  
8 The account is subject to allotment procedures under chapter 43.88 RCW,  
9 but an appropriation is not required for expenditures.

10       NEW SECTION.    **Sec. 5.**    There is established the real estate  
11 appraiser commission of the state of Washington, consisting of seven  
12 members who shall act to give advice and approval to the director.

13       The seven commission members shall be appointed by the governor in  
14 the following manner: For a term of six years each, with the exception  
15 of the first appointees who shall be the incumbent members of the  
16 predecessor real estate appraiser advisory committee to serve for the  
17 duration of their current terms, with all other subsequent appointees  
18 to be appointed for a six-year term. At least two of the commission  
19 members shall be selected from the area of the state east of the  
20 Cascade mountain range and at least two of the commission members shall  
21 be selected from the area of the state west of the Cascade mountain  
22 range. At least three members of the commission shall be certified  
23 general real estate appraisers, at least two members of the commission  
24 shall be certified residential real estate appraisers, and at least one  
25 member of the commission shall be a licensed real estate appraiser, all  
26 pursuant to this chapter. No commission member shall be appointed who  
27 has not been certified and/or licensed pursuant to this chapter for  
28 less than ten years, except that this experience duration shall be not  
29 less than five years only for any commission member taking office  
30 before January 1, 2000. The members of the commission annually shall  
31 elect their chairperson to serve for a term of one calendar year. Any  
32 vacancy on the commission shall be filled by appointment by the  
33 governor for the unexpired term.

34       NEW SECTION.    **Sec. 6.**    The seven commission members shall be  
35 compensated in accordance with RCW 43.03.240, plus travel expenses in  
36 accordance with RCW 43.03.050 and 43.03.060 when they shall be in

1 session by their call or by the director, or when otherwise engaged in  
2 the business of the commission.

3 NEW SECTION. **Sec. 7.** The commission shall have authority to hold  
4 educational conferences for the benefit of the appraisal profession  
5 and/or its clients.

6 NEW SECTION. **Sec. 8.** Sections 4 through 7 of this act are each  
7 added to chapter 18.140 RCW.

8 NEW SECTION. **Sec. 9.** This act takes effect July 1, 1998.

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