
SUBSTITUTE SENATE BILL 5676

State of Washington

55th Legislature

1997 Regular Session

By Senate Committee on Commerce & Labor (originally sponsored by Senators Newhouse, Schow and Anderson)

Read first time 02/27/97.

1 AN ACT Relating to real estate appraisers; amending RCW 18.140.010
2 and 18.140.020; providing an effective date; and declaring an
3 emergency.

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

5 **Sec. 1.** RCW 18.140.010 and 1996 c 182 s 2 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 (~~for listing, sale, purchase, or~~
7 ~~rental purposes~~)).

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

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

14 (7) "Committee" means the real estate appraiser advisory committee
15 of the state of Washington.

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

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

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

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

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

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

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

37 (15) "Federally related transaction" means any real estate-related
38 transaction that the federal financial institutions regulatory agency

1 or the resolution institutions trust company engages in, contracts for,
2 or regulates and that requires the services of an 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 ~~((16))~~ (17) "Licensed appraisal" means an appraisal prepared or
9 signed by 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 ~~((17))~~ (18) "Mortgage broker" for the purpose of this chapter
13 means a mortgage broker licensed under chapter 19.146 RCW, any mortgage
14 broker 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 ~~((18))~~ (19) "Real estate" means an identified parcel or tract of
22 land, including improvements, if any.

23 ~~((19))~~ (20) "Real estate-related 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 interest 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 ~~((20))~~ (22) "Review" means the act or process of critically
34 studying an appraisal report prepared by another.

35 ~~((21))~~ (23) "Specialized appraisal services" means all appraisal
36 services which do not fall within the definition of appraisal
37 assignment. The term "specialized appraisal service" may apply to
38 valuation work and to analysis work. Regardless of the intention of
39 the client or employer, if the appraiser would be perceived by third

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

5 ~~((22))~~ (24) "State-certified general real estate appraiser" means
6 a person certified by the director to develop and communicate real
7 estate appraisals of all types of property. A state-certified general
8 real estate appraiser may designate or identify an appraisal rendered
9 by him or her as a "certified appraisal."

10 ~~((23))~~ (25) "State-certified residential real estate appraiser"
11 means a person certified by the director to develop and communicate
12 real estate appraisals of all types of residential property of one to
13 four units without regard to transaction value or complexity and
14 nonresidential property having a transaction value as specified in
15 rules adopted by the director. A state certified residential real
16 estate appraiser may designate or identify an appraisal rendered by him
17 or her as a "certified appraisal."

18 ~~((24))~~ (26) "State-licensed real estate appraiser" means a person
19 licensed by the director to develop and communicate real estate
20 appraisals of noncomplex one to four residential units and complex one
21 to four residential units and nonresidential property having
22 transaction values as specified in rules adopted by the director.

23 **Sec. 2.** RCW 18.140.020 and 1996 c 182 s 3 are each amended to read
24 as follows:

25 (1) No person other than a state-certified or state-licensed real
26 estate appraiser may receive compensation of any form for a real estate
27 appraisal or an appraisal review. However, compensation may be
28 provided for brokers price opinions.

29 (2) No person, other than a state-certified or state-licensed real
30 estate appraiser, may assume or use that title or any title,
31 designation, or abbreviation likely to create the impression of
32 certification or licensure as a real estate appraiser by this state.

33 (3) A person who is not certified or licensed under this chapter
34 shall not prepare any appraisal of real estate located in this state,
35 except as provided under subsection (1) of this section.

36 (4) This section does not preclude a staff employee of a
37 governmental entity from performing an appraisal or an appraisal
38 assignment within the scope of his or her employment insofar as the

1 performance of official duties for the governmental entity are
2 concerned. Such an activity for the benefit of the governmental entity
3 is exempt from the requirements of this chapter.

4 (5) This ~~((section))~~ chapter does not preclude an individual person
5 licensed by the state of Washington as a real estate broker or as a
6 real estate salesperson ~~((and who performs))~~ from issuing a brokers
7 price opinion ((as a service to a prospective seller, buyer, lessor, or
8 lessee as the only intended user, and not for dissemination to a third
9 party, within the scope of his or her employment or agency. Such an
10 activity for the sole benefit of the prospective seller, buyer, lessor,
11 or lessee is exempt from the requirements of this chapter)). However,
12 if the brokers price opinion is written and is issued to a person who
13 is not a prospective seller, buyer, lessor, or lessee as the only
14 intended user, then the brokers price opinion shall contain a
15 statement, in an obvious location within the written document, that
16 states: "This brokers price opinion is not an appraisal as defined in
17 chapter 18.140 RCW." The report may not be used as an appraisal in
18 conjunction with a federally related transaction.

19 (6) This section does not apply to an appraisal or an appraisal
20 review performed for a financial institution or mortgage broker,
21 whether conducted by an employee or third party, when such appraisal or
22 appraisal review is not required to be performed by a state-certified
23 or state-licensed real estate appraiser by the appropriate federal
24 financial institutions regulatory agency.

25 (7) This section does not apply to an attorney licensed to practice
26 law in this state or to a certified public accountant, as defined in
27 RCW 18.04.025, who evaluates real property in the normal scope of his
28 or her professional services.

29 NEW SECTION. Sec. 3. This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of the
31 state government and its existing public institutions, and takes effect
32 July 1, 1997.

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