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SENATE BILL 5676

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State of Washington

55th Legislature

1997 Regular Session

By Senators Newhouse, Schow and Anderson

Read first time 02/06/97. Referred to Committee on Commerce & Labor.

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) "Financial institution" means any person doing business under  
38 the laws of this state or the United States relating to banks, bank  
39 holding companies, savings banks, trust companies, savings and loan

1 associations, credit unions, consumer loan companies, and the  
2 affiliates, subsidiaries, and service corporations thereof.

3 (16) "Licensed appraisal" means an appraisal prepared or signed by  
4 a state-licensed real estate appraiser. A licensed appraisal  
5 represents to the public that it meets the appraisal standards defined  
6 in this chapter.

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

16 (18) "Real estate" means an identified parcel or tract of land,  
17 including improvements, if any.

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

20 (20) "Review" means the act or process of critically studying an  
21 appraisal report prepared by another.

22 (21) "Specialized appraisal services" means all appraisal services  
23 which do not fall within the definition of appraisal assignment. The  
24 term "specialized appraisal service" may apply to valuation work and to  
25 analysis work. Regardless of the intention of the client or employer,  
26 if the appraiser would be perceived by third parties or the public as  
27 acting as a disinterested third party in rendering an unbiased  
28 analysis, opinion, or conclusion, the work is classified as an  
29 appraisal assignment and not a specialized appraisal service.

30 (22) "State-certified general real estate appraiser" means a person  
31 certified by the director to develop and communicate real estate  
32 appraisals of all types of property. A state-certified general real  
33 estate appraiser may designate or identify an appraisal rendered by him  
34 or her as a "certified appraisal."

35 (23) "State-certified residential real estate appraiser" means a  
36 person certified by the director to develop and communicate real estate  
37 appraisals of all types of residential property of one to four units  
38 without regard to transaction value or complexity and nonresidential  
39 property having a transaction value as specified in rules adopted by

1 the director. A state certified residential real estate appraiser may  
2 designate or identify an appraisal rendered by him or her as a  
3 "certified appraisal."

4 (24) "State-licensed real estate appraiser" means a person licensed  
5 by the director to develop and communicate real estate appraisals of  
6 noncomplex one to four residential units and complex one to four  
7 residential units and nonresidential property having transaction values  
8 as specified in rules adopted by the director.

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

11 (1) No person other than a state-certified or state-licensed real  
12 estate appraiser may receive compensation of any form for a real estate  
13 appraisal or an appraisal review.

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

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

21 (4) This section does not preclude a staff employee of a  
22 governmental entity from performing an appraisal or an appraisal  
23 assignment within the scope of his or her employment insofar as the  
24 performance of official duties for the governmental entity are  
25 concerned. Such an activity for the benefit of the governmental entity  
26 is exempt from the requirements of this chapter.

27 (5) This ~~((section))~~ chapter does not preclude an individual person  
28 licensed by the state of Washington as a real estate broker or as a  
29 real estate salesperson ~~((and who performs))~~ from issuing a brokers  
30 price opinion ((as a service to a prospective seller, buyer, lessor, or  
31 lessee as the only intended user, and not for dissemination to a third  
32 party, within the scope of his or her employment or agency. Such an  
33 activity for the sole benefit of the prospective seller, buyer, lessor,  
34 or lessee is exempt from the requirements of this chapter)), if that  
35 brokers price opinion does not state that the person is a state-  
36 certified or state-licensed real estate appraiser.

37 (6) This section does not apply to an appraisal or an appraisal  
38 review performed for a financial institution or mortgage broker,

1 whether conducted by an employee or third party, when such appraisal or  
2 appraisal review is not required to be performed by a state-certified  
3 or state-licensed real estate appraiser by the appropriate federal  
4 financial institutions regulatory agency.

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

9 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
10 preservation of the public peace, health, or safety, or support of the  
11 state government and its existing public institutions, and takes effect  
12 July 1, 1997.

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