

SENATE BILL REPORT

SB 5924

As Reported By Senate Committee On:
Commerce, Trade, Housing & Financial Institutions, February 3, 2000

Title: An act relating to real estate appraisers.

Brief Description: Establishing the real estate appraiser commission of the state of Washington.

Sponsors: Senators Jacobsen, Honeyford and Gardner.

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 1/20/2000, 2/3/2000 [DPS, DNP].

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 5924 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Deccio, Gardner, Hale, Rasmussen and Winsley.

Minority Report: Do not pass.

Signed by Senator Heavey.

Staff: Susan Jones (786-7784)

Background: All real estate appraisals for federally-related transactions must be performed by state-licensed or state-certified real estate appraisers. The Washington Certified Real Estate Appraiser Act, administered by the Department of Licensing, was enacted to allow Washington appraisers to perform appraisals for federally-related transactions. The Federal Financial Institutions Examination Appraisal Subcommittee closely monitors state appraiser certification and licensing agencies to ensure their compliance with federal laws.

In addition to federal requirements, Washington law allows only state-certified and state-licensed appraisers to appraise real estate in Washington for compensation. There are limited exceptions to this law. The levels of certification for Washington appraisers are state-certified general real estate appraisers, state-certified residential real estate appraisers, and state-licensed real estate appraisers.

A real estate advisory committee, appointed by the director of the department, gives certain advice and recommendations to the director.

The Department of Licensing uses driver's license numbers as the basis for the personal identification code, which may be required on many documents.

Summary of Substitute Bill: A real estate appraiser commission is created to give advice and recommendations to the director and to approve rules. The Governor-appointed commission consists of members from the east and west of the cascades, at least two certified general real estate appraisers, at least two certified residential real estate appraisers, at least one licensed real estate appraiser, an employee of a financial institution, and a member of the general public. The members of the commission have the duty and responsibility to meet at the call of the director, the commission chair, or the majority of its members; to adopt a mission statement; to act as a liaison; and to study and recommend changes to the director or the Legislature.

Substitute Bill Compared to Original Bill: The substitute bill changes commission membership by replacing two appraisers with an employee of a financial institution and a member of the general public. The original bill required approval of the commission before the director took most actions related to the program. The original bill allowed the director to publish a quarterly program report and required that the license or certificate number be different from the personal identification code used internally by the department.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The director is not required to accept the recommendation of the advisory committee. Appraisers need control over their standards of practice and discipline to enhance and strengthen protections for consumers. The appraisers do not want to risk impairment of the program and loss of federal subcommittee's approval. Use of drivers' license numbers for personal identification codes may cause identity theft.

Testimony Against: Requiring advice and approval on many areas of the program would cause delays, conflicts, and increase in costs. The commission would not be supported by current license fees.

Testified: PRO: Jim Irish, Appraisers' Coalition of WA, Appraisal Institute (Seattle Chapter), and self; Sheridan Shaffer, Appraisers' Coalition of WA and National Association of Independent Fee Appraisers; CON: Syd Beckett, Department of Licensing.