
SENATE BILL 5924

State of Washington

56th Legislature

1999 Regular Session

By Senators Jacobsen, Honeyford and Gardner

Read first time 02/16/1999. Referred to Committee on State & Local Government.

1 AN ACT Relating to real estate appraisers; amending RCW 18.140.005,
2 18.140.010, 18.140.030, and 18.140.140; adding new sections to chapter
3 18.140 RCW; providing an effective date; and declaring an emergency.

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

5 **Sec. 1.** RCW 18.140.005 and 1996 c 182 s 1 are each amended to read
6 as follows:

7 It is the intent of the legislature that only individuals who meet
8 and maintain minimum standards of competence and conduct established
9 under this chapter for certified or licensed real estate appraisers may
10 provide real estate appraisal services to the public, and that all
11 moneys generated under this chapter shall be derived from the
12 individuals so certified or licensed under this chapter and shall be
13 utilized solely for the purposes of this chapter.

14 **Sec. 2.** RCW 18.140.010 and 1997 c 399 s 1 are each amended to read
15 as follows:

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

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

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

8 (3) "Appraisal assignment" means an engagement for which an
9 appraiser is employed or retained to act, or would be perceived by
10 third parties or the public as acting, as a disinterested third party
11 in rendering an unbiased analysis, opinion, or conclusion relating to
12 the value of specified interests in, or aspects of, identified real
13 estate. The term "appraisal assignment" may apply to valuation work
14 and analysis work.

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

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

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

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

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

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

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

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

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

36 (13) "Federal financial institutions regulatory agency" means the
37 board of governors of the federal reserve system, the federal deposit
38 insurance corporation, the office of the comptroller of the currency,
39 the office of thrift supervision, the national credit union

1 administration, their successors and/or such other agencies as may be
2 named in future amendments to 12 U.S.C. Sec. 3350(6).

3 (14) "Federal secondary mortgage marketing agency" means the
4 federal national mortgage association, the government national mortgage
5 association, the federal home loan mortgage corporation, their
6 successors and/or such other similarly functioning housing finance
7 agencies as may be federally chartered in the future.

8 (15) "Federally related transaction" means any real estate-related
9 financial transaction that the federal financial institutions
10 regulatory agency or the resolution trust corporation engages in,
11 contracts for, or regulates; and that requires the services of an
12 appraiser.

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

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

22 (18) "Mortgage broker" for the purpose of this chapter means a
23 mortgage broker licensed under chapter 19.146 RCW, any mortgage broker
24 approved and subject to audit by the federal national mortgage
25 association, the government national mortgage association, or the
26 federal home loan mortgage corporation as provided in RCW 19.146.020,
27 any mortgage broker approved by the United States secretary of housing
28 and urban development for participation in any mortgage insurance under
29 the national housing act, 12 U.S.C. Sec. 1201, and the affiliates,
30 subsidiaries, and service corporations thereof.

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

33 (20) "Real estate-related financial transaction" means any
34 transaction involving:

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

37 (b) The refinancing of real property or interests in real property;
38 and

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

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

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

7 (23) "Specialized appraisal services" means all appraisal services
8 which do not fall within the definition of appraisal assignment. The
9 term "specialized appraisal service" may apply to valuation work and to
10 analysis work. Regardless of the intention of the client or employer,
11 if the appraiser would be perceived by third parties or the public as
12 acting as a disinterested third party in rendering an unbiased
13 analysis, opinion, or conclusion, the work is classified as an
14 appraisal assignment and not a specialized appraisal service.

15 (24) "State-certified general real estate appraiser" means a person
16 certified by the director to develop and communicate real estate
17 appraisals of all types of property. A state-certified general real
18 estate appraiser may designate or identify an appraisal rendered by him
19 or her as a "certified appraisal."

20 (25) "State-certified residential real estate appraiser" means a
21 person certified by the director to develop and communicate real estate
22 appraisals of all types of residential property of one to four units
23 without regard to transaction value or complexity and nonresidential
24 property having a transaction value as specified in rules adopted by
25 the director. A state certified residential real estate appraiser may
26 designate or identify an appraisal rendered by him or her as a
27 "certified appraisal."

28 (26) "State-licensed real estate appraiser" means a person licensed
29 by the director to develop and communicate real estate appraisals of
30 noncomplex one to four residential units and complex one to four
31 residential units and nonresidential property having transaction values
32 as specified in rules adopted by the director.

33 **Sec. 3.** RCW 18.140.030 and 1996 c 182 s 4 are each amended to read
34 as follows:

35 The director shall have the following powers and duties:

36 (1) To adopt rules in accordance with chapter 34.05 RCW necessary
37 to implement this chapter, with the advice and approval of the
38 commission;

1 (2) To receive and approve or deny applications for certification
2 or licensure as a state-certified or state-licensed real estate
3 appraiser under this chapter; to establish appropriate administrative
4 procedures for the processing of such applications; to issue
5 certificates or licenses to qualified applicants pursuant to the
6 provisions of this chapter; and to maintain a register of the names and
7 addresses of individuals who are currently certified or licensed under
8 this chapter;

9 (3) To ~~((establish,))~~ provide administrative assistance~~((, and~~
10 ~~appoint))~~ to the members for the ~~((real estate appraiser advisory~~
11 ~~committee))~~ commission to enable the ~~((committee))~~ commission to act
12 ~~((in an advisory capacity to the director));~~

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

16 (5) To administer or contract for administration of certification
17 or licensure examinations at locations and times as may be required to
18 carry out the responsibilities under this chapter with the advice and
19 approval of the commission;

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

22 (7) To ~~((consider recommendations by the real estate appraiser~~
23 ~~advisory committee relating to))~~ adopt the experience, education, and
24 examination requirements for each classification of state-certified
25 appraiser and for licensure with the advice and approval of the
26 commission;

27 (8) To impose continuing education requirements as a prerequisite
28 to renewal of certification or licensure with the advice and approval
29 of the commission;

30 (9) To ~~((consider recommendations by the real estate appraiser~~
31 ~~advisory committee relating to))~~ adopt standards of professional
32 appraisal practice in the enforcement of this chapter with the advice
33 and approval of the commission;

34 (10) To investigate all complaints or reports of unprofessional
35 conduct as defined in this chapter and to hold hearings as provided in
36 this chapter;

37 (11) To establish appropriate administrative procedures for
38 disciplinary proceedings conducted pursuant to the provisions of this
39 chapter;

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

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

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

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

13 (16) To adopt standards of professional conduct or practice with
14 the advice and approval of the commission;

15 (17) To establish an expert review appraiser roster comprised of
16 state-certified or licensed real estate appraisers whose purpose is to
17 assist the director by applying their individual expertise by reviewing
18 real estate appraisals for compliance with this chapter. Qualifications
19 to act as an expert review appraiser shall be established by the director
20 with the advice ~~((of the committee))~~ and approval of the commission.
21 An application to serve as an expert review appraiser shall be submitted
22 to the real estate appraiser program, and the roster of accepted expert
23 review appraisers shall be maintained by the department. An expert review
24 appraiser may be added to or deleted from that roster by the director
25 with the advice and approval of the commission. The expert review
26 appraiser shall be reimbursed for expenses in the same manner as the
27 department reimburses the ~~((committee))~~ commission; ~~((and))~~

28 (18) To publish quarterly a report that includes both a program
29 review and a summary financial report of the activities conducted in
30 carrying out the provisions of this chapter;

31 (19) To develop the biennial budget and any supplemental budget or
32 budgets necessary to carry out the provisions of this chapter with the
33 advice and approval of the commission; and

34 (20) To do all other things necessary to carry out the provisions
35 of this chapter and minimally meet the requirements of federal
36 guidelines regarding state certification or licensure of appraisers
37 that the director determines are appropriate for state-certified and
38

1 state-licensed appraisers in this state with the advice and approval of
2 the commission.

3 **Sec. 4.** RCW 18.140.140 and 1996 c 182 s 7 are each amended to read
4 as follows:

5 (1) A license or certificate issued under this chapter shall bear
6 the signature or facsimile signature of the director and a license or
7 certificate number assigned by the director, which for public use and
8 other than for the internal and confidential appraiser-related
9 recordkeeping purposes of the department on and forever after January
10 1, 2000, unless implemented earlier by the department, shall be
11 separate and distinctly different from the personal identification code
12 issued by the department for other purposes.

13 (2) Each state-licensed or state-certified real estate appraiser
14 shall place his or her license or certificate number adjacent to or
15 immediately below the title "state-licensed real estate appraiser,"
16 "state-certified residential real estate appraiser," or "state-
17 certified general real estate appraiser" when used in an appraisal
18 report or in a contract or other instrument used by the licensee or
19 certificate holder in conducting real property appraisal activities,
20 except that the license or certificate number shall not be required to
21 appear when the title is not accompanied by a signature as is typical
22 on such promotional and stationery items as brochures, business cards,
23 forms, or letterhead.

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

27 The seven commission members shall be appointed by the governor in
28 the following manner: For a term of six years each, with the exception
29 of the first appointees who shall be the incumbent members of the
30 predecessor real estate appraiser advisory committee to serve for the
31 duration of their current terms, with all other subsequent appointees
32 to be appointed for a six-year term. At least two of the commission
33 members shall be selected from the area of the state east of the
34 Cascade mountain range and at least two of the commission members shall
35 be selected from the area of the state west of the Cascade mountain
36 range. At least three members of the commission shall be certified
37 general real estate appraisers, at least two members of the commission

1 shall be certified residential real estate appraisers, and at least one
2 member of the commission shall be a licensed real estate appraiser, all
3 pursuant to this chapter. No commission member shall be appointed who
4 has not been certified and/or licensed pursuant to this chapter for
5 less than ten years, except that this experience duration shall be not
6 less than five years only for any commission member taking office
7 before January 1, 2000. The members of the commission annually shall
8 elect their chairperson to serve for a term of one calendar year. Any
9 vacancy on the commission shall be filled by appointment by the
10 governor for the unexpired term.

11 NEW SECTION. **Sec. 6.** The members of the commission and its
12 individual members shall have the following duties and
13 responsibilities:

14 (1) To make findings and recommendations to the director concerning
15 any and all matters, including but not limited to those relating to
16 administrative, disciplinary and enforcement, education, experience,
17 and fiscal actions, which the commission deems pertinent to carrying
18 out the provisions of this chapter and minimally meet the requirements
19 of federal guidelines regarding state certification or licensure of
20 appraisers that are appropriate for state-certified and state-licensed
21 appraisers in this state;

22 (2) To meet at the call of the director, or upon its own initiative
23 at the call of its chair or a majority of its members;

24 (3) To hold hearings or take such other action as the commission
25 may determine appropriate so as to serve as a liaison between appraisal
26 practitioners, the public, and the department;

27 (4) To study and recommend changes to this chapter to the director
28 or to the legislature;

29 (5) To join with the director to develop the budget or budgets
30 which are required to carry out the provisions of this chapter; and

31 (6) To keep a record of its proceedings.

32 NEW SECTION. **Sec. 7.** The commission shall have authority:

33 (1) To conduct studies in all areas directly or indirectly related
34 to carrying out the provisions of this chapter, or to real estate
35 valuation, dynamics, or economics;

1 (2) To disseminate findings and results of real estate research
2 conducted by or for the commission using a variety of dissemination
3 media to appraisal practitioners, the public, and the department;

4 (3) To hold educational conferences for the benefit of the
5 appraisal profession and/or its clients.

6 NEW SECTION. **Sec. 8.** The commission members shall be compensated
7 in accordance with RCW 43.03.240, plus travel expenses in accordance
8 with RCW 43.03.050 and 43.03.060 when they are in session by their call
9 or by the director, or when otherwise engaged in the business of the
10 commission.

11 NEW SECTION. **Sec. 9.** Sections 5 through 8 of this act are each
12 added to chapter 18.140 RCW.

13 NEW SECTION. **Sec. 10.** This act is necessary for the immediate
14 preservation of the public peace, health, or safety, or support of the
15 state government and its existing public institutions, and takes effect
16 July 1, 1999.

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