

SHB 3040 - H AMD 1195

By Representatives Conway, Condotta

ADOPTED 02/15/2010

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** DEFINITIONS. The definitions in this
4 section apply throughout this chapter unless the context clearly
5 requires otherwise.

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

9 (2) "Appraisal management company" means an entity that performs
10 appraisal management services, regardless of the use of the term
11 appraisal management company, mortgage technology provider, lender
12 processing services, lender services, loan processor, mortgage
13 services, real estate closing services provider, settlement services
14 provider, or vendor management company, or any other term.

15 (3) "Appraisal management services" means to perform any or all of
16 the following functions on behalf of a lender, financial institution,
17 mortgage broker, loan originator, or any other person:

18 (a) Administer an appraiser panel;

19 (b) Recruit, qualify, verify licensing or certification, and
20 negotiate fees and service level expectations with persons who are part
21 of an appraiser panel;

22 (c) Receive an order for an appraisal from one person, or entity,
23 and deliver the order for the appraisal to an appraiser that is part of
24 an appraiser panel for completion;

25 (d) Track and determine the status of appraisal orders;

26 (e) Conduct quality control of a completed appraisal prior to the
27 delivery of the appraisal to the person that ordered the appraisal; and

28 (f) Provide a completed appraisal performed by an appraiser to one
29 or more persons that have ordered an appraisal.

1 (4) "Appraisal review" or "appraisal review services" means
2 developing and communicating an opinion about the quality of another
3 appraiser's work that was performed, or assignment results that were
4 developed, as part of an appraisal assignment.

5 (5) "Appraiser" means a person who is licensed or certified under
6 chapter 18.140 RCW or under similar laws of another state.

7 (6) "Appraiser fee schedule" means a list of the various appraisal
8 products requested by an appraisal management company from appraisers
9 and the fees that the appraisal management company is willing to pay an
10 appraiser for the performance of the appraisals.

11 (7) "Appraiser panel" means a network of appraisers who are
12 independent contractors of an appraisal management company that have:

13 (a) Independently applied to or responded to an invitation,
14 request, or solicitation from an appraisal management company to
15 perform appraisals for persons, or entities, that have ordered
16 appraisals through the appraisal management company, or to perform
17 appraisals for the appraisal management company directly, on a periodic
18 basis, as assigned by the appraisal management company; and

19 (b) Been selected, and approved, by an appraisal management company
20 to perform appraisals for a person, or entity, that has ordered an
21 appraisal through the appraisal management company, or to perform
22 appraisals for the appraisal management company directly, on a periodic
23 basis, as assigned by the appraisal management company.

24 (8) "Controlling person" means:

25 (a) An owner, officer, or director of a corporation, partnership,
26 or other business entity seeking to offer appraisal management services
27 in this state;

28 (b) An individual employed, appointed, or authorized by an
29 appraisal management company that has the authority to enter into a
30 contractual relationship with other persons for the performance of
31 appraisal management services and has the authority to enter into
32 agreements with appraisers for the performance of appraisals;

33 (c) An individual who possesses the power to direct or cause the
34 direction of the management or policies of an appraisal management
35 company;

36 (d) Any person who controls a partnership, company, association, or
37 corporation through one or more intermediaries, alone or in concert

1 with others, or a ten percent or greater interest in a partnership,
2 company, association, or corporation; or

3 (e) Any person who controls a limited liability company or is the
4 owner of a sole proprietorship.

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

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

7 NEW SECTION. **Sec. 2.** POWERS AND DUTIES OF DIRECTOR. The director
8 shall:

9 (1) Adopt rules to implement this chapter;

10 (2) Establish appropriate administrative procedures for the
11 processing of the applications;

12 (3) Issue licenses to qualified companies under the provisions of
13 this chapter; and

14 (4) Maintain a roster of the names and addresses of companies
15 licensed under this chapter;

16 (5) Employ professional, clerical, and technical assistance as may
17 be necessary to properly administer the work of the director;

18 (6) Establish forms necessary to administer this chapter;

19 (7) Oversee the performance of any background investigations;

20 (8) Initiate and oversee investigations and any audits;

21 (9) Establish grounds for disciplinary actions;

22 (10) Adopt fees under RCW 43.24.086; and

23 (11) Do all other things necessary to carry out the provisions of
24 this chapter and comply with the requirements of any pertinent federal
25 laws pertaining to appraisal management companies.

26 NEW SECTION. **Sec. 3.** IMMUNITY. The director or individuals
27 acting on behalf of the director are immune from suit in any action,
28 civil or criminal, based on any acts performed in the course of their
29 duties except for their intentional or willful misconduct.

30 NEW SECTION. **Sec. 4.** APPLICATIONS--ORIGINAL AND RENEWALS. (1)
31 Applications for licensure must be made to the department on forms
32 approved by the director. Applications for original and renewal
33 licenses must include a statement confirming that the company must
34 comply with applicable rules and that the company understands the
35 penalties for misconduct.

1 (2) The appropriate fees must accompany all applications for
2 original licensure and renewal.

3 (3) Each applicant shall file and maintain a surety bond, approved
4 by the director, executed by the applicant as obligor and by a surety
5 company authorized to do a surety business in this state as surety,
6 whose liability as the surety may not exceed in the aggregate the penal
7 sum of the bond. The penal sum of the bond must be a minimum of
8 twenty-five thousand dollars. The bond must run to the state of
9 Washington as obligee for the use and benefit of the state and of any
10 person or persons who may have a cause of action against the obligor
11 under this chapter. The bond must be conditioned that the obligor as
12 licensee will faithfully conform to and abide by this chapter and all
13 the rules adopted under this chapter. The bond will pay to the state
14 and any person or persons having a cause of action against the obligor
15 all moneys that may become due and owing to the state and those persons
16 under and by virtue of this chapter.

17 NEW SECTION. **Sec. 5.** OUT OF STATE COMPANIES--CONSENT FOR SERVICE
18 OF PROCESS. Every company seeking licensure whose headquarters is not
19 based in the state of Washington shall submit, with the application for
20 licensure, an irrevocable consent that service of process upon the
21 controlling person or persons may be made by service on the director
22 if, in an action against the entity in a Washington state court arising
23 out of the entity's activities as an appraisal management company, the
24 plaintiff cannot, in the exercise of due diligence, obtain personal
25 service upon the company.

26 NEW SECTION. **Sec. 6.** LICENSURE--REQUIRED USE OF NAME AND LICENSE
27 NUMBER. (1) A license issued under this chapter must bear the
28 signature or facsimile signature of the director and a license number
29 assigned by the director.

30 (2) Each licensed appraisal management company shall place the name
31 under which it does business and its license number on any appraisal
32 engagement document issued.

33 NEW SECTION. **Sec. 7.** LICENSURE REQUIRED. (1) It is unlawful for
34 an entity to engage or attempt to engage in business as an appraisal
35 management company, to engage or attempt to perform appraisal

1 management services, or to advertise or hold itself out as engaging in
2 or conducting business as an appraisal management company without first
3 obtaining a license issued by the department under this chapter.

4 (2) An application for the issuance or renewal of a license
5 required by subsection (1) of this section must, at a minimum, include
6 the following information:

7 (a) Name of the entity seeking licensure;

8 (b) Names under which the entity will do business;

9 (c) Business address of the entity seeking licensure;

10 (d) Phone contact information of the entity seeking licensure;

11 (e) If the entity is not a corporation that is domiciled in this
12 state, the name and contact information for the company's agent for
13 service of process in this state;

14 (f) The name, address, and contact information for any individual
15 or any corporation, partnership, or other business entity that owns ten
16 percent or more of the appraisal management company;

17 (g) The name, address, and contact information for a controlling
18 person;

19 (h) A certification that the entity has a system and process in
20 place to verify that a person being added to the appraiser panel of the
21 appraisal management company for work being done in this state holds a
22 license or certificate in good standing under chapter 18.140 RCW;

23 (i) A certification that the entity has a system in place to review
24 the work of appraisers that are performing real estate appraisal
25 services on a periodic basis and have a policy in place to require that
26 the real estate appraisal services provided by the appraiser are being
27 conducted in accordance with chapter 18.140 RCW and other applicable
28 state and federal laws;

29 (j) A certification that the entity maintains a detailed record of
30 each service request that it receives and the appraiser that performs
31 the real estate appraisal services under section 13 of this act;

32 (k) A certification that the entity maintains a complete copy of
33 the completed appraisal report performed as a part of any request, for
34 a minimum period of five years, seven years if the property or the
35 appraisal becomes involved in any litigation, under uniform standards
36 of professional appraisal practice provisions, and that the appraisals
37 must be provided to the department upon demand;

1 (1) An irrevocable uniform consent to service of process, under
2 section 6 of this act; and

3 (m) Any other relevant information reasonably required by the
4 department to obtain a license under the requirements of this chapter.

5 NEW SECTION. **Sec. 8.** OWNER REQUIREMENTS. (1) An appraisal
6 management company may not be more than ten percent owned by:

7 (a) A person who has had a license or certificate to act as an
8 appraiser refused, denied, canceled, or revoked in any state; or

9 (b) An entity that is more than ten percent owned by any person who
10 has had a license or certificate to act as an appraiser refused,
11 denied, canceled, or revoked in any state.

12 (2)(a) Each person that owns more than ten percent of an appraisal
13 management company must:

14 (i) Be of good moral character, as determined by the department;
15 and

16 (ii) Submit to a background investigation under section 15 of this
17 act.

18 (b) Each appraisal management company must certify to the
19 department that it has reviewed each and every individual or entity
20 that owns more than ten percent of the appraisal management company and
21 that no entity that owns more than ten percent of the appraisal
22 management company directly controlled by a person who has had a
23 license or certificate to act as an appraiser refused, denied,
24 canceled, or revoked.

25 (3) A person under this section may appeal an adjudicative
26 proceeding involving a final decision of the director to deny, suspend,
27 or revoke a license under chapter 18.235 RCW.

28 NEW SECTION. **Sec. 9.** CONTROLLING PERSON REQUIREMENTS. (1)(a) An
29 appraisal management company shall designate one controlling person
30 that will be the main contact for all communication between the
31 department and the appraisal management company.

32 (b) Should the controlling person change, the appraisal management
33 company must notify the director within fourteen business days and
34 provide the name and contact information of the new controlling person.

35 (2) The controlling person designated under subsection (1) of this
36 section must:

1 (a) Have never had a license or certificate to act as an appraiser
2 surrendered in lieu of disciplinary action, refused, denied, canceled,
3 or revoked in any state;

4 (b) Be of good moral character, as determined by the department;
5 and

6 (c) Submit to a background investigation under section 15 of this
7 act.

8 NEW SECTION. **Sec. 10.** APPRAISER REQUIREMENTS. (1) An appraisal
9 management company may not knowingly contract with or employ as an
10 appraiser:

11 (a) Any person who has ever had a license or certificate to act as
12 an appraiser in this state, or in any other state, surrendered in lieu
13 of disciplinary action, refused, denied, canceled, or revoked.
14 However, a person under this subsection (1)(a) may appeal an
15 adjudicative proceeding involving a final decision of the director to
16 deny, suspend, or revoke a license under chapter 18.235 RCW;

17 (b) Any person who has been convicted of an offense that reflects
18 adversely upon the person's integrity, competence, or fitness to meet
19 the responsibilities of an appraiser or appraisal management company;

20 (c) Any person who has been convicted of, or who has pled guilty or
21 nolo contendere to, a felony related to participation in the real estate
22 or mortgage loan industry:

23 (i) During the seven-year period preceding the date of the
24 application for licensing and registration; or

25 (ii) At any time preceding the date of application, if the felony
26 involved an act of fraud, dishonesty, or a breach of trust, or money
27 laundering;

28 (d) Any person who is in violation of chapter 19.146 or 31.04 RCW;
29 or

30 (e) Any person who is in violation of this chapter.

31 (2) An appraisal management company may not:

32 (a) Knowingly enter into any independent contractor arrangement for
33 appraisal or appraisal review services with any person who has ever had
34 a license or certificate to act as an appraiser in this state, or in
35 any other state, surrendered in lieu of disciplinary action, refused,
36 denied, canceled, or revoked; and

1 (b) Knowingly enter into any contract, agreement, or other business
2 relationship for appraisal or appraisal review services with any entity
3 that employs, has entered into an independent contractor arrangement,
4 or has entered into any contract, agreement, or other business
5 relationship with any person who has ever had a license or certificate
6 to act as an appraiser in this state or in any other state surrendered
7 in lieu of disciplinary action, refused, denied, canceled, or revoked.

8 (3) Any employee of the appraisal management company, or any
9 contractor working in any capacity on behalf of the appraisal
10 management company, that has any involvement in the actual performance
11 of appraisal or appraisal review services, or review and analysis of
12 completed appraisals must be a state licensed or state certified
13 appraiser in the state in which the property is located, and must have
14 geographic and product competence. This requirement does not apply to
15 any review or examination of the appraisal for grammatical,
16 typographical, or similar errors or general reviews of the appraisal
17 for completeness.

18 NEW SECTION. **Sec. 11.** EXEMPTIONS. The provisions of this chapter
19 do not apply to the following:

20 (1) A department or unit within a financial institution that is
21 subject to direct regulation by an agency of the United States
22 government, or to regulation by an agency of this state, that receives
23 a request for the performance of an appraisal from one employee of the
24 financial institution, and another employee of the same financial
25 institution assigns the request for the appraisal to an appraiser that
26 is part of an appraiser panel; or

27 (2) An appraiser that enters into an agreement, whether written or
28 otherwise, with another appraiser for the performance of an appraisal,
29 and upon completion of the appraisal, the report of the appraiser
30 performing the appraisal is signed by both the appraiser who completed
31 the appraisal and the appraiser who requested the completion of the
32 appraisal.

33 NEW SECTION. **Sec. 12.** RECORDKEEPING. An appraisal management
34 company must certify to the department on initial application and upon
35 renewal, that it maintains a detailed record of each service request
36 that it receives and the appraiser that performs the appraisal for the

1 appraisal management company. This statement must also certify that
2 the appraisal management company maintains a complete copy of the
3 completed appraisal report, for a minimum period of not less than five
4 years after the appraisal is completed, nor for a period of not less
5 than two years after final disposition of a judicial proceeding in
6 which testimony relating to the records was given, whichever period
7 expires later.

8 NEW SECTION. **Sec. 13.** ADJUDICATION OF DISPUTES BETWEEN AN
9 APPRAISAL MANAGEMENT COMPANY AND AN APPRAISER. (1) Except within the
10 first thirty days after an appraiser is first added to the appraiser
11 panel of an appraisal management company, an appraisal management
12 company may not remove an appraiser from its appraiser panel, or
13 otherwise refuse to assign requests for real estate appraisal services
14 to an appraiser without:

15 (a) Notifying the appraiser in writing of the reasons why the
16 appraiser is being removed from the appraiser panel of the appraisal
17 management company, including if the appraiser is being removed from
18 the panel for illegal conduct, a violation of state licensing
19 standards, substandard performance, or administrative purposes. In
20 addition, if the removal is not for administrative purposes, the nature
21 of the alleged conduct, substandard performance, or violation must be
22 provided; and

23 (b) Providing an opportunity for the appraiser to respond to the
24 notification of the appraisal management company.

25 (2) An appraiser that is removed from the appraiser panel of an
26 appraisal management company for alleged illegal conduct or a violation
27 of state licensing standards, may file a complaint with the department
28 for a review of the decision of the appraisal management company,
29 except that in no case will the department make any determination
30 regarding the nature of the business relationship between the appraiser
31 and the appraisal management company which is unrelated to the actions
32 specified in subsection (1) of this section.

33 (3) If an appraiser files a complaint against an appraisal
34 management company pursuant to subsection (2) of this section, the
35 department may investigate the complaint within one hundred eighty days
36 during which time the appraiser must remain removed from the panel.

1 (4) If after opportunity for hearing and review, the department
2 determines that an appraiser did not commit a violation of law or a
3 violation of state licensing standards, the department shall order that
4 an appraiser be restored to the appraiser panel of the appraisal
5 management company that was the subject of the complaint without
6 prejudice.

7 (5) Following the adjudication of a complaint to the department by
8 an appraiser against an appraisal management company, an appraisal
9 management company may not refuse to make assignments for real estate
10 appraisal services to an appraiser, or reduce the number of
11 assignments, or otherwise penalize the appraiser because of the
12 adjudicated complaint, if the department has found that the appraisal
13 management company acted without reasonable cause in removing the
14 appraiser from the appraiser panel.

15 NEW SECTION. **Sec. 14.** DISCIPLINARY ACTIONS--GROUNDS. (1) In
16 addition to the unprofessional conduct described in RCW 18.235.130, the
17 director may take disciplinary action for the following:

18 (a) Failing to meet the minimum qualifications for licensure
19 established under this chapter;

20 (b) Failing to pay appraisers no later than forty-five days after
21 completion of the appraisal service unless otherwise agreed or unless
22 the appraiser has been notified in writing that a bona fide dispute
23 exists regarding the performance or quality of the appraisal service;

24 (c) Failing to pay appraisers even if the appraisal management
25 company is not paid by its client;

26 (d) Coercing, extorting, colluding, compensating, instructing,
27 inducing, intimidating, bribing an appraiser, or in any other manner
28 including:

29 (i) Withholding or threatening to withhold timely payment for an
30 appraisal;

31 (ii) Requiring the appraiser to remit a portion of the appraisal
32 fee back to the appraisal management company;

33 (iii) Withholding or threatening to withhold future business for,
34 or demoting or terminating or threatening to demote or terminate, an
35 appraiser;

36 (iv) Expressly or impliedly promising future business, promotions,
37 or increased compensation for an appraiser;

1 (v) Conditioning the request for an appraisal or the payment of an
2 appraisal fee or salary or bonus on the opinion, conclusion, or
3 valuation to be reached, or on a preliminary estimate or opinion
4 requested from an appraiser;

5 (vi) Requesting that an appraiser provide an estimated,
6 predetermined, or desired valuation in an appraisal report, or provide
7 estimated values or comparable sales at any time prior to the
8 appraiser's completion of an appraisal;

9 (vii) Providing to an appraiser an anticipated, estimated,
10 encouraged, or desired value for a subject property or a proposed or
11 target amount to be loaned to the borrower, except that a copy of the
12 sales contract for purchase transactions must be provided to the
13 appraiser;

14 (viii) Providing to an appraiser, or any entity or person related
15 to the appraiser, stock or other financial or nonfinancial benefits;

16 (ix) Obtaining, using, or paying for a second or subsequent
17 appraisal or ordering an automated valuation model in connection with
18 a mortgage financing transaction unless there is a reasonable basis to
19 believe that the initial appraisal was flawed or tainted and such basis
20 is clearly and appropriately noted in the loan file, or unless such
21 appraisal or automated valuation model is done pursuant to a bona fide
22 prefunding or postfunding appraisal review or quality control process;
23 or

24 (x) Any other act or practice that impairs or attempts to impair an
25 appraiser's independence, objectivity, or impartiality, or that
26 violates law;

27 (e) Altering, modifying, or otherwise changing a completed
28 appraisal report submitted by an appraiser;

29 (f) Copying and using the appraiser's signature for any purpose or
30 in any other report;

31 (g) Extracting, copying, or using only a portion of the appraisal
32 report without reference to the entire report;

33 (h) Prohibiting or attempting to prohibit the appraiser from
34 including or referencing the appraisal fee, the appraisal management
35 company name or identity, or the client's or lender's name or identity
36 in the appraisal report;

37 (i) Knowingly requiring an appraiser to prepare an appraisal
38 report, engaging an appraiser to perform an appraisal, or accepting an

1 appraisal from an appraiser who has informed the appraisal management
2 company that he or she does not have either the geographic competence
3 or necessary expertise to complete the appraisal;

4 (j) Knowingly requiring an appraiser to prepare an appraisal report
5 under such a limited time frame when the appraiser, in the appraiser's
6 own professional judgment, has informed the appraisal management
7 company that it does not afford the appraiser the ability to meet all
8 relevant legal and professional obligations or provide a credible
9 opinion of value for the property being appraised. This subsection
10 (1)(j) allows an appraiser to decline an assignment, but is not a basis
11 for complaints against the appraisal management company;

12 (k) Requiring, or attempting to require, an appraiser to modify an
13 appraisal report except as permitted under subsection (2)(a) or (b) of
14 this section;

15 (l) Prohibiting, or attempting to prohibit, or inhibiting legal or
16 other allowable communication between the appraiser and:

17 (i) The lender;

18 (ii) A real estate licensee;

19 (iii) A property owner; or

20 (iv) Any other party or person from whom the appraiser, in the
21 appraiser's own professional judgment, believes information would be
22 relevant or pertinent in completing the appraisal;

23 (m) Knowingly requiring or attempting to require the appraiser to
24 do anything that violates chapter 18.140 RCW or other applicable state
25 and federal laws or with any allowable assignment conditions or
26 certifications required by the client;

27 (n) Prohibiting or refusing to allow, or attempting to prohibit or
28 refuse to allow, the transfer of an appraisal from one lender to
29 another lender if the lenders are allowed to transfer an appraisal
30 under applicable federal law; or

31 (o) Requiring an appraiser to sign any indemnification agreement
32 that would require the appraiser to defend and hold harmless the
33 appraisal management company or any of its agents, employees, or
34 independent contractors for any liability, damage, losses, or claims
35 arising out of the services performed by the appraisal management
36 company or its agents, employees, or independent contractors and not
37 the services performed by the appraiser.

1 (2) Nothing in subsection (1) of this section may be construed as
2 prohibiting the appraisal management company from requesting that an
3 appraiser:

4 (a) Provide additional information about the basis for a valuation,
5 including whether or not the appraiser considered other sales and
6 reasons the other sales were either not considered relevant or included
7 in the appraisal; or

8 (b) Correct objective factual errors in an appraisal report.

9 NEW SECTION. **Sec. 15.** BACKGROUND INVESTIGATIONS. Background
10 investigations under this chapter consist of fingerprint-based
11 background checks through the Washington state patrol criminal
12 identification system and through the federal bureau of investigation.
13 The applicant is required to pay the current federal and state fees for
14 fingerprint-based criminal history background checks. The applicant
15 shall submit the fingerprints and required fees for the background
16 checks to the department for submission to the Washington state patrol.

17 NEW SECTION. **Sec. 16.** APPRAISAL MANAGEMENT COMPANY ACCOUNT. The
18 appraisal management company account is created in the state treasury.
19 All fees and penalties under this chapter must be paid to the account.
20 Moneys in the account may be spent only after appropriation.
21 Expenditures from the account may be used only for expenses incurred in
22 carrying out the provisions of this chapter. Any residue in the
23 account shall be accumulated and shall not revert to the general fund
24 at the end of the biennium.

25 NEW SECTION. **Sec. 17.** UNIFORM REGULATION OF BUSINESS AND
26 PROFESSIONS ACT. The uniform regulation of business and professions
27 act, chapter 18.235 RCW, governs unlicensed practice, the issuance and
28 denial of licenses, and the discipline of licensees under this chapter.

29 **Sec. 18.** RCW 18.235.020 and 2009 c 412 s 22, 2009 c 370 s 20, and
30 2009 c 102 s 5 are each reenacted and amended to read as follows:

31 (1) This chapter applies only to the director and the boards and
32 commissions having jurisdiction in relation to the businesses and
33 professions licensed under the chapters specified in this section.

1 This chapter does not apply to any business or profession not licensed
2 under the chapters specified in this section.

3 (2)(a) The director has authority under this chapter in relation to
4 the following businesses and professions:

5 (i) Auctioneers under chapter 18.11 RCW;

6 (ii) Bail bond agents and bail bond recovery agents under chapter
7 18.185 RCW;

8 (iii) Camping resorts' operators and salespersons under chapter
9 19.105 RCW;

10 (iv) Commercial telephone solicitors under chapter 19.158 RCW;

11 (v) Cosmetologists, barbers, manicurists, and estheticians under
12 chapter 18.16 RCW;

13 (vi) Court reporters under chapter 18.145 RCW;

14 (vii) Driver training schools and instructors under chapter 46.82
15 RCW;

16 (viii) Employment agencies under chapter 19.31 RCW;

17 (ix) For hire vehicle operators under chapter 46.72 RCW;

18 (x) Limousines under chapter 46.72A RCW;

19 (xi) Notaries public under chapter 42.44 RCW;

20 (xii) Private investigators under chapter 18.165 RCW;

21 (xiii) Professional boxing, martial arts, and wrestling under
22 chapter 67.08 RCW;

23 (xiv) Real estate appraisers under chapter 18.140 RCW;

24 (xv) Real estate brokers and salespersons under chapters 18.85 and
25 18.86 RCW;

26 (xvi) Security guards under chapter 18.170 RCW;

27 (xvii) Sellers of travel under chapter 19.138 RCW;

28 (xviii) Timeshares and timeshare salespersons under chapter 64.36
29 RCW;

30 (xix) Whitewater river outfitters under chapter 79A.60 RCW; (~~and~~)

31 (xx) Home inspectors under chapter 18.280 RCW; (~~and~~)

32 (xxi) Body artists, body piercers, and tattoo artists, and body
33 art, body piercing, and tattooing shops and businesses, under chapter
34 18.300 RCW; and

35 (xxii) Appraisal management companies under chapter 18.-- RCW (the
36 new chapter created in section 20 of this act).

37 (b) The boards and commissions having authority under this chapter
38 are as follows:

- 1 (i) The state board of registration for architects established in
- 2 chapter 18.08 RCW;
- 3 (ii) The Washington state collection agency board established in
- 4 chapter 19.16 RCW;
- 5 (iii) The state board of registration for professional engineers
- 6 and land surveyors established in chapter 18.43 RCW governing licenses
- 7 issued under chapters 18.43 and 18.210 RCW;
- 8 (iv) The funeral and cemetery board established in chapter 18.39
- 9 RCW governing licenses issued under chapters 18.39 and 68.05 RCW;
- 10 (v) The state board of licensure for landscape architects
- 11 established in chapter 18.96 RCW; and
- 12 (vi) The state geologist licensing board established in chapter
- 13 18.220 RCW.
- 14 (3) In addition to the authority to discipline license holders, the
- 15 disciplinary authority may grant or deny licenses based on the
- 16 conditions and criteria established in this chapter and the chapters
- 17 specified in subsection (2) of this section. This chapter also governs
- 18 any investigation, hearing, or proceeding relating to denial of
- 19 licensure or issuance of a license conditioned on the applicant's
- 20 compliance with an order entered under RCW 18.235.110 by the
- 21 disciplinary authority.

22 NEW SECTION. **Sec. 19.** SEVERABILITY. If any provision of this act
23 or its application to any person or circumstance is held invalid, the
24 remainder of the act or the application of the provision to other
25 persons or circumstances is not affected.

26 NEW SECTION. **Sec. 20.** Sections 1 through 17 and 19 of this act
27 constitute a new chapter in Title 18 RCW.

28 NEW SECTION. **Sec. 21.** This act takes effect July 1, 2011."

29 Correct the title.

EFFECT: Establishes the bonding amount for appraisal management

companies at \$25,000. Removes the requirement that the bond be based on the annual volume of appraisal orders in the state.

Requires appraisal management companies to provide the Department of Licensing with names under which it does business and include only those names in engagement documents.

Removes the requirement to include the appraisal management company's full legal name on all advertising and other documents.

Requires that appraisal management companies have a policy in place to require that the real estate appraisal services are being conducted in accordance with state law.

Prohibits an appraisal management company from being directly controlled by a person who has had an appraiser's license revoked.

Clarifies that an appraisal management company must notify the Department of Licensing within 14 business days of changing controlling persons.

Clarifies that the requirements related to employees of appraisal management companies also apply to independent contractors.

Removes the exemption to licensing for appraisal management companies that employ appraisers.

Clarifies that the requirements related to appraisal reviews do not apply to any review or examination of the appraisal for grammatical, typographical, or similar errors or general reviews of the appraisal for completeness.

Establishes that appraisal management companies may remove appraisers for substandard performance or administrative purposes.

Establishes that an appraiser remains removed from an appraisal panel during a Department of Licensing investigation.

Removes the prohibited activity of appraisal management companies prohibiting the inclusion of the signature on an appraisal report of a state-registered appraisal trainee if the report is also signed by the supervisory appraiser.

Prohibits an appraisal management company from requiring an appraiser to sign certain indemnification agreements.

Removes provisions governing the role of the Attorney General in regulating appraisal management companies.

Removes criminal liability for those not licensed as an appraisal management company.

Defines "appraisal review" as an opinion about the quality of another appraiser's work that was performed.

Removes the intent language.

Clarifies the authority of the Department of Licensing to adopt rules to issue licenses.

Changes the effective date from July 1, 2012, to July 1, 2011.

Makes technical changes.

--- END ---