

ESHB 3040 - S COMM AMD

By Committee on Labor, Commerce & Consumer Protection

ADOPTED AND ENGROSSED 03/03/2010

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 panel" means a network of appraisers who are  
8 independent contractors of an appraisal management company that have:

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

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

20 (7) "Controlling person" means:

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

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

29 (c) An individual who possesses the power to direct or cause the  
30 direction of the management or policies of an appraisal management  
31 company;

32 (d) Any person who controls a partnership, company, association, or  
33 corporation through one or more intermediaries, alone or in concert  
34 with others, or a ten percent or greater interest in a partnership,  
35 company, association, or corporation; or

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

38 (8) "Department" means the department of licensing.

1 (9) "Director" means the director of the department of licensing.

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

4 (1) Adopt rules to implement this chapter;

5 (2) Establish appropriate administrative procedures for the  
6 processing of the applications;

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

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

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

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

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

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

16 (9) Establish grounds for disciplinary actions;

17 (10) Adopt fees under RCW 43.24.086; and

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

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

25 NEW SECTION. **Sec. 4.** APPLICATIONS--ORIGINAL AND RENEWALS. (1)  
26 Applications for licensure must be made to the department on forms  
27 approved by the director. A license is valid for two years and must be  
28 renewed on or before the expiration date. Applications for original  
29 and renewal licenses must include a statement confirming that the  
30 company must comply with applicable rules and that the company  
31 understands the penalties for misconduct.

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

34 (3) Each applicant shall file and maintain a surety bond, approved  
35 by the director, executed by the applicant as obligor and by a surety

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

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

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

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

29 NEW SECTION. **Sec. 7.** LICENSURE REQUIRED. (1) It is unlawful for  
30 an entity to engage or attempt to engage in business as an appraisal  
31 management company, to engage or attempt to perform appraisal  
32 management services, or to advertise or hold itself out as engaging in  
33 or conducting business as an appraisal management company without first  
34 obtaining a license issued by the department under this chapter.

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

4 (a) Name of the entity seeking licensure;

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

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

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

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

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

14 (g) The name, address, and contact information for a controlling  
15 person;

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

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

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

29 (k) A certification that the entity maintains a complete copy of  
30 the completed appraisal report performed as a part of any request, for  
31 a minimum period of five years, or at least two years after final  
32 disposition of any judicial proceeding related to the assignment, under  
33 uniform standards of professional appraisal practice provisions, and  
34 that the appraisals must be provided to the department upon demand;

35 (l) An irrevocable uniform consent to service of process, under  
36 section 6 of this act; and

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

1        NEW SECTION.    **Sec. 8.**    OWNER REQUIREMENTS.    (1) Each entity owning  
2 more than ten percent of an appraisal management company may not be:

3        (a) Directly controlled by a person who has had a license or  
4 certificate to act as an appraiser refused, denied, canceled, or  
5 revoked; or

6        (b) More than ten percent owned by any person who has had a license  
7 or certificate to act as an appraiser refused, denied, canceled, or  
8 revoked in any state.

9        (2) Each person that owns more than ten percent of an appraisal  
10 management company must:

11        (a) Not have had a license or certificate to act as an appraiser  
12 refused, denied, canceled, or revoked in any state;

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

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

17        (3) Each appraisal management company must certify to the  
18 department that it has reviewed each and every individual or entity  
19 that owns more than ten percent of the appraisal management company and  
20 that no person or entity that owns more than ten percent of the  
21 appraisal management company is prohibited from owning an appraisal  
22 management company under this section.

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

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

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

33        (2) The controlling person designated under subsection (1) of this  
34 section must:

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

- 1 (b) Be of good moral character, as determined by the department;  
2 and  
3 (c) Submit to a background investigation under section 15 of this  
4 act.

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

8 (a) Any person who has ever had a license or certificate to act as  
9 an appraiser in this state, or in any other state, surrendered in lieu  
10 of disciplinary action, refused, denied, canceled, or revoked;

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

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

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

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

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

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

25 (2) An appraisal management company may not:

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

31 (b) Knowingly enter into any contract, agreement, or other business  
32 relationship for appraisal or appraisal review services with any entity  
33 that employs, has entered into an independent contractor arrangement,  
34 or has entered into any contract, agreement, or other business  
35 relationship with any person who has ever had a license or certificate  
36 to act as an appraiser in this state or in any other state surrendered  
37 in lieu of disciplinary action, refused, denied, canceled, or revoked.

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

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

13 (1) A department or unit within a financial institution that is  
14 subject to direct regulation by an agency of the United States  
15 government, or to regulation by an agency of this state, that receives  
16 a request for the performance of an appraisal from one employee of the  
17 financial institution, and another employee of the same financial  
18 institution assigns the request for the appraisal to an appraiser that  
19 is part of an appraiser panel; or

20 (2) An appraiser that enters into an agreement, whether written or  
21 otherwise, with another appraiser for the performance of an appraisal,  
22 and upon completion of the appraisal, the report of the appraiser  
23 performing the appraisal is signed by both the appraiser who completed  
24 the appraisal and the appraiser who requested the completion of the  
25 appraisal.

26 NEW SECTION. **Sec. 12.** RECORDKEEPING. An appraisal management  
27 company must certify to the department on initial application and upon  
28 renewal, that it maintains a detailed record of each service request  
29 that it receives and the appraiser that performs the appraisal for the  
30 appraisal management company. This statement must also certify that  
31 the appraisal management company maintains a complete copy of the  
32 completed appraisal report, for a minimum period of five years after  
33 the appraisal is completed, or two years after final disposition of a  
34 judicial proceeding related to the assignment, whichever period expires  
35 later.



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

8        (a) Notifying the appraiser in writing of the reasons why the  
9 appraiser is being removed from the appraiser panel of the appraisal  
10 management company, including if the appraiser is being removed from  
11 the panel for illegal conduct, a violation of state licensing  
12 standards, substandard performance, or administrative purposes. In  
13 addition, if the removal is not for administrative purposes, the nature  
14 of the alleged conduct, substandard performance, or violation must be  
15 provided; and

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

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

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

30        (4) If after opportunity for hearing and review, the department  
31 determines that an appraiser did not commit a violation of law or a  
32 violation of state licensing standards, the department shall order that  
33 an appraiser be restored to the appraiser panel of the appraisal  
34 management company that was the subject of the complaint without  
35 prejudice.

36        (5) Following the adjudication of a complaint to the department by  
37 an appraiser against an appraisal management company, an appraisal  
38 management company may not refuse to make assignments for real estate

1 appraisal services to an appraiser, or reduce the number of  
2 assignments, or otherwise penalize the appraiser because of the  
3 adjudicated complaint, if the department has found that the appraisal  
4 management company acted without reasonable cause in removing the  
5 appraiser from the appraiser panel.

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

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

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

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

17 (d) Coercing, extorting, colluding, compensating, inducing,  
18 intimidating, bribing an appraiser, or in any other manner including:

19 (i) Withholding or threatening to withhold timely payment for an  
20 appraisal;

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

23 (iii) Withholding or threatening to withhold future business for,  
24 or demoting or terminating or threatening to demote or terminate, an  
25 appraiser;

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

28 (v) Conditioning the request for an appraisal or the payment of an  
29 appraisal fee or salary or bonus on the opinion, conclusion, or  
30 valuation to be reached, or on a preliminary estimate or opinion  
31 requested from an appraiser;

32 (vi) Requesting that an appraiser provide an estimated,  
33 predetermined, or desired valuation in an appraisal report, or provide  
34 estimated values or comparable sales at any time prior to the  
35 appraiser's completion of an appraisal;

36 (vii) Providing to an appraiser an anticipated, estimated,  
37 encouraged, or desired value for a subject property or a proposed or

1 target amount to be loaned to the borrower, except that a copy of the  
2 sales contract for purchase transactions must be provided to the  
3 appraiser;

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

6 (ix) Obtaining, using, or paying for a second or subsequent  
7 appraisal or ordering an automated valuation model in connection with  
8 a mortgage financing transaction unless there is a reasonable basis to  
9 believe that the initial appraisal was flawed or tainted and such basis  
10 is clearly and appropriately noted in the loan file, or unless such  
11 appraisal or automated valuation model is done pursuant to a bona fide  
12 prefunding or postfunding appraisal review or quality control process;  
13 or

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

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

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

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

23 (h) Prohibiting or attempting to prohibit the appraiser from  
24 including or referencing the appraisal fee, the appraisal management  
25 company name or identity, or the client's or lender's name or identity  
26 in the appraisal report;

27 (i) Knowingly requiring an appraiser to prepare an appraisal  
28 report, engaging an appraiser to perform an appraisal, or accepting an  
29 appraisal from an appraiser who has informed the appraisal management  
30 company that he or she does not have either the geographic competence  
31 or necessary expertise to complete the appraisal;

32 (j) Knowingly requiring an appraiser to prepare an appraisal report  
33 under such a limited time frame when the appraiser, in the appraiser's  
34 own professional judgment, has informed the appraisal management  
35 company that it does not afford the appraiser the ability to meet all  
36 relevant legal and professional obligations or provide a credible  
37 opinion of value for the property being appraised. This subsection

1 (1)(j) allows an appraiser to decline an assignment, but is not a basis  
2 for complaints against the appraisal management company;

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

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

8 (i) The lender;

9 (ii) A real estate licensee;

10 (iii) A property owner; or

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

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

18 (n) Prohibiting or refusing to allow, or attempting to prohibit or  
19 refuse to allow, the transfer of an appraisal from one lender to  
20 another lender if the lenders are allowed to transfer an appraisal  
21 under applicable federal law; or

22 (o) Requiring an appraiser to sign any indemnification agreement  
23 that would require the appraiser to defend and hold harmless the  
24 appraisal management company or any of its agents, employees, or  
25 independent contractors for any liability, damage, losses, or claims  
26 arising out of the services performed by the appraisal management  
27 company or its agents, employees, or independent contractors and not  
28 the services performed by the appraiser.

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

32 (a) Provide additional information about the basis for a valuation,  
33 including whether or not the appraiser considered other sales and  
34 reasons the other sales were either not considered relevant or included  
35 in the appraisal; or

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



1 (iv) Commercial telephone solicitors under chapter 19.158 RCW;  
2 (v) Cosmetologists, barbers, manicurists, and estheticians under  
3 chapter 18.16 RCW;  
4 (vi) Court reporters under chapter 18.145 RCW;  
5 (vii) Driver training schools and instructors under chapter 46.82  
6 RCW;  
7 (viii) Employment agencies under chapter 19.31 RCW;  
8 (ix) For hire vehicle operators under chapter 46.72 RCW;  
9 (x) Limousines under chapter 46.72A RCW;  
10 (xi) Notaries public under chapter 42.44 RCW;  
11 (xii) Private investigators under chapter 18.165 RCW;  
12 (xiii) Professional boxing, martial arts, and wrestling under  
13 chapter 67.08 RCW;  
14 (xiv) Real estate appraisers under chapter 18.140 RCW;  
15 (xv) Real estate brokers and salespersons under chapters 18.85 and  
16 18.86 RCW;  
17 (xvi) Security guards under chapter 18.170 RCW;  
18 (xvii) Sellers of travel under chapter 19.138 RCW;  
19 (xviii) Timeshares and timeshare salespersons under chapter 64.36  
20 RCW;  
21 (xix) Whitewater river outfitters under chapter 79A.60 RCW; (~~and~~)  
22 (xx) Home inspectors under chapter 18.280 RCW; (~~and~~)  
23 (xxi) Body artists, body piercers, and tattoo artists, and body  
24 art, body piercing, and tattooing shops and businesses, under chapter  
25 18.300 RCW; and  
26 (xxii) Appraisal management companies under chapter 18.-- RCW (the  
27 new chapter created in section 20 of this act).  
28 (b) The boards and commissions having authority under this chapter  
29 are as follows:  
30 (i) The state board of registration for architects established in  
31 chapter 18.08 RCW;  
32 (ii) The Washington state collection agency board established in  
33 chapter 19.16 RCW;  
34 (iii) The state board of registration for professional engineers  
35 and land surveyors established in chapter 18.43 RCW governing licenses  
36 issued under chapters 18.43 and 18.210 RCW;  
37 (iv) The funeral and cemetery board established in chapter 18.39  
38 RCW governing licenses issued under chapters 18.39 and 68.05 RCW;

1 (v) The state board of licensure for landscape architects  
2 established in chapter 18.96 RCW; and

3 (vi) The state geologist licensing board established in chapter  
4 18.220 RCW.

5 (3) In addition to the authority to discipline license holders, the  
6 disciplinary authority may grant or deny licenses based on the  
7 conditions and criteria established in this chapter and the chapters  
8 specified in subsection (2) of this section. This chapter also governs  
9 any investigation, hearing, or proceeding relating to denial of  
10 licensure or issuance of a license conditioned on the applicant's  
11 compliance with an order entered under RCW 18.235.110 by the  
12 disciplinary authority.

13 NEW SECTION. **Sec. 19.** SEVERABILITY. If any provision of this act  
14 or its application to any person or circumstance is held invalid, the  
15 remainder of the act or the application of the provision to other  
16 persons or circumstances is not affected.

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

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

**ESHB 3040** - S COMM AMD  
By Committee on Labor, Commerce & Consumer Protection

**ADOPTED AND ENGROSSED 03/03/2010**

20 On page 1, line 1 of the title, after "companies;" strike the  
21 remainder of the title and insert "reenacting and amending RCW  
22 18.235.020; adding a new chapter to Title 18 RCW; and providing an  
23 effective date."

--- END ---