

SENATE BILL REPORT

SB 6306

As of January 26, 2012

Title: An act relating to maintenance of a surety bond for appraisal management companies.

Brief Description: Increasing the penal sum of a surety bond required to be maintained by an appraisal management company.

Sponsors: Senators Conway, Keiser, Kline and Kohl-Welles.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/23/12.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Mac Nicholson (786-7445)

Background: Appraisal management companies are entities that perform appraisal management services. Starting January 1, 2012, appraisal management companies who contract with appraisers for appraisal services in Washington State must be licensed by the Department of Licensing. As part of the licensing process, appraisal management companies must file and maintain a \$25,000 surety bond. The bond can be used by the state and any person having a cause of action against the company to recover all monies that may become due and owing to the state or the person.

Summary of Bill: The amount of the appraisal management company surety bond is increased from \$25,000 to \$100,000.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The 2010 legislation that created the licensing scheme for appraisal management companies was a compromise bill between the companies and appraisers. Over the last two years, companies have gone bankrupt leaving appraisers

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

without payment for services rendered. There have been a number of appraisal management companies that have collected fees from the clients, ordered appraisals, and not paid the appraisers for their services. The increase in bond amount would help some appraisers get paid for their services. The increased bond amount will help vet the appraisal management companies and make sure they are financially sound, well capitalized, and run by reputable individuals.

Persons Testifying: PRO: T.K. Bentler, Stan Sidor, Appraiser Coalition of WA.