

# FINAL BILL REPORT

## SHB 1012

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Synopsis as Enacted

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

**Sponsors:** House Committee on Business & Financial Services (originally sponsored by Representatives Stanford, Kirby, Ryu and Hudgins).

**House Committee on Business & Financial Services**  
**Senate Committee on Financial Institutions, Housing & Insurance**

### **Background:**

An appraisal management company is a business entity that administers a panel of appraisers to complete real estate appraisal assignments on behalf of other entities. An appraisal management company's functions include recruiting appraisers, negotiating fees, and administering appraisal orders. It is unlawful to engage in business as an appraisal management company or to perform appraisal management services without obtaining a license from the Department of Licensing.

Appraisal management services include the following functions performed on behalf of a lender, financial institution, mortgage broker, loan originator, or any other person:

- administering an appraiser panel;
- recruiting, qualifying, verifying licensing or certification, and negotiating fees and service level expectations with persons who are part of an appraiser panel;
- receiving an order for an appraisal from one person or entity and delivering the order to an appraiser for completion;
- tracking and determining the status of appraisal orders;
- conducting quality control of a completed appraisal prior to delivery of the appraisal; and
- providing a completed appraisal to one or more persons or entities.

An application for licensure as an appraisal management company must include certain information about the entity and controlling persons. In addition, an application must include certifications that the entity: has a system for verification of appraisal panel members' licensure or certification; has a system to review the work of appraisers who perform real

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estate appraisal services; maintains a detailed record of each service request; and maintains a complete copy of appraisal reports.

An applicant for licensure as an appraisal management company must maintain a surety bond of at least \$25,000 for the use and benefit of the state and any person with a cause of action against the licensee. The bond must be conditioned that the licensee will abide by the applicable licensing laws and rules.

**Summary:**

An applicant for licensure as an appraisal management company must file and maintain a surety bond of at least \$100,000.

The Director of the Department of Licensing may accept a cash bond or other security in lieu of a surety bond if he or she determines that surety bonds are not readily available to appraisal management companies. The security must be in the same amount as the required surety bond, and all obligations and remedies relating to surety bonds apply to the security.

**Votes on Final Passage:**

House	98	0
Senate	48	0

**Effective:** July 28, 2013