
Business & Financial Services Committee

HB 1196

Brief Description: Concerning requirements for real estate appraisers.

Sponsors: Representatives G. Hunt and Kirby.

Brief Summary of Bill

- Requires applicants for real estate appraiser credentialing to submit to fingerprint-based background checks.
- Amends reciprocity provisions for real estate appraisers.
- Creates inactive status.

Hearing Date: 1/20/15

Staff: David Rubenstein (786-7153)

Background:

Appraiser credentialing.

Real estate appraisers evaluate the value of real property. The Department of Licensing (DOL or Department), in accordance with the Washington Certified Real Estate Appraiser Act (Act), certifies and licenses real estate appraisers. The Act prohibits a person from using the terms "certified appraisal" or "state certified real estate appraiser" unless he or she is certified by the state.

The law authorizes four types of credentials issued to real estate appraisers, from highest-to-lowest credentialing requirements:

- state licensed real estate appraiser;
- state certified residential real estate appraiser;
- state certified general real estate appraiser; and
- state-registered appraiser trainee.

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.

Each level of licensing and certification authorizes appraisal work at a different level of property value, while the registered trainees may only work under the direct supervision of certified appraisers.

Applicants for certification or licensure already certified or licensed in good standing in another state may be certified or licensed in Washington without taking the examination that would ordinarily be required of new applicants. In order to qualify for this waiver, the applicant's home state must have requirements that are "substantially similar" to Washington's and must have a reciprocal agreement with Washington providing similar treatment for Washington appraisers.

All fees and penalties collected by DOL related to the real estate appraiser program are deposited into the Real Estate Appraiser Commission Account, which is used for all expenses associated with the program.

Federal monitoring.

Under the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, enacted in response to the "savings and loan crisis" of the late 1980s, Congress created the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council. The stated purpose of the ASC is to ensure that real estate appraisals "are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision." To carry out this goal, the ASC is tasked with monitoring state regulation of real estate appraisers, along with other duties.

Summary of Bill:

Background checks.

All applicants for registration as a trainee and all applicants wishing to change his or her level of certification must submit to a fingerprint-based background check conducted by the Federal Bureau of Investigation and the Washington State Patrol. The Department may also require any existing credential holder to submit to a background check. Any fees must be borne by the applicant and DOL must establish background check procedures by rule.

Reciprocity.

The provision requiring substantially similar credentialing requirements and a reciprocity agreement is struck. Instead, the reciprocity applicant must be credentialed in a state that complies with ASC regulations and that has credentialing requirements meeting or exceeding Washington's licensure standards.

Inactive status.

Real estate appraisers (but not registered trainees) may place their certification or license on inactive status, according to rules to be established by DOL. The maximum period of the

inactive status must be established by DOL. Failure to renew an inactive credential or to reactivate after the period designed by DOL results in cancellation of the credential.

The Department is also required to establish inactive renewal fees and procedures for reactivating credentials and is empowered to take disciplinary action against credential holders who act as appraisers while on inactive status.

Appropriation: None.

Fiscal Note: Requested on 1/16/15.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.