

# SENATE BILL REPORT

## SB 5597

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As Reported by Senate Committee On:  
Commerce & Labor, February 3, 2016

**Title:** An act relating to licensing real estate appraisers by reciprocity, fingerprint-based background checks for real estate appraiser applicants, and creating an inactive status for real estate appraisers.

**Brief Description:** Concerning requirements for real estate appraisers.

**Sponsors:** Senator Roach.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/03/16, 2/03/16 [DPS].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** That Substitute Senate Bill No. 5597 be substituted therefor, and the substitute bill do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Hasegawa, Ranking Minority Member; Conway, Keiser, King and Warnick.

**Staff:** Susan Jones (786-7404)

**Background:** Washington Certified Real Estate Appraiser Act. Real estate appraisers estimate the value of real property. Under the Washington Certified Real Estate Appraiser Act (Act), the Department of Licensing (DOL) certifies and licenses real estate appraisers. The Act prohibits a person from receiving compensation for appraisal services unless certified or licensed by the state.

Types of Credentials. The Act 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.

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*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 certain types of appraisal work and allowable transaction values. State-registered trainees may only work under the direct supervision of state-certified real estate appraisers.

Reciprocity. Applicants for certification or licensure already certified or licensed in good standing in another state may be certified or licensed in Washington without satisfying Washington's examination requirements if the applicant's home state:

- has certification or licensing requirements that are substantially similar to Washington's; and
- has a reciprocal agreement with Washington providing similar treatment for Washington appraisers.

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, the United States 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:** The bill as referred to committee not considered.

**Summary of Bill (Recommended Substitute):** An applicant for certification or licensure who is currently certified or licensed and in good standing under the laws of another state, as a real estate appraiser, may obtain a certificate or license as a Washington state-certified or state-licensed real estate appraiser without being required to satisfy the examination requirements, if the Director determines that:

- the appraiser licensing and certification program of the other state is in compliance with 12 U.S.C. sections 3331-3355 - the ASC Chapter - on the effective date, or a later date as the Director may provide by rule; and
- the other state has credentialing requirements meeting or exceeding Washington's licensure standards.

**EFFECT OF CHANGES MADE BY COMMERCE & LABOR COMMITTEE (Recommended Substitute):** Removes the provisions regarding background checks and inactive status.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on First Substitute:** This is a simple bill to bring Washington's statute in line with recent federal changes. All it does is change the reciprocity

statute to do away with the need for written reciprocity agreements. This is supported by the industry.

**Persons Testifying on First Substitute:** PRO: TK Bentler, Appraiser Coalition of Washington; Tony Sermonti, Dept. of Licensing.

**Persons Signed In To Testify But Not Testifying First Substitute:** No one.