
HOUSE BILL 2922

State of Washington

65th Legislature

2018 Regular Session

By Representative Kirby

Read first time 01/24/18. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to appraisal management companies and appraisal
2 fees; amending RCW 18.310.150 and 18.310.050; and adding new sections
3 to chapter 18.310 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 18.310
6 RCW to read as follows:

7 (1) An appraisal management company shall compensate appraisers
8 in compliance with Sec. 129E(i) of the federal truth in lending act
9 (15 U.S.C. Sec. 1601 et seq.) and 12 C.F.R. Sec. 226.42 as they
10 relate to customary and reasonable fees paid to appraisers as
11 required by the Dodd-Frank Wall street reform and consumer protection
12 act of 2010.

13 (2) Appraisal management companies using the Denver veterans
14 administration regional loan center fee and timeliness schedule (VA
15 fee schedule), as amended, shall be presumed to be in compliance with
16 the requirement to provide customary and reasonable compensation for
17 Washington state fee appraisers.

18 (3) The customary and reasonable fee for a complex appraisal may
19 reflect the increased time, difficulty, and scope of work required
20 for such an appraisal and include an amount over and above the
21 customary and reasonable fee for noncomplex assignments. Complex

1 appraisal assignments shall increase the base appraisal fee by a
2 minimum of fifteen percent for each of the following items present in
3 the assignment. Each percentage increase shall be calculated from the
4 base appraisal fee and shall be added cumulatively.

5 (a) Site size that is greater than one acre and less than six
6 acres;

7 (b) Site size that is greater than six acres and less than ten
8 acres;

9 (c) Site size that is greater than ten acres;

10 (d) Gross living area that is greater than three thousand square
11 feet and less than five thousand square feet;

12 (e) Gross living area that is greater than five thousand square
13 feet and less than seven thousand square feet;

14 (f) Gross living area that is greater than seven thousand square
15 feet;

16 (g) Unique construction type which includes but is not limited to
17 waterfront, beach, golf course, log home, earth home, geodesic dome
18 home, green construction, solar systems, wind power, and any resort
19 property;

20 (h) Rush requests with turn-time or due dates less than those
21 specified in the VA fee schedule;

22 (i) Cost approach;

23 (j) Income approach or comparable rent schedule;

24 (k) Operating income statement;

25 (l) Additional comparable sales or pendings or listings beyond
26 the minimum basic requirements for the Fannie Mae, Freddie Mac,
27 federal housing administration or United States department of
28 agriculture;

29 (m) For each revision request after the first revision request
30 once an appraiser has submitted an appraisal report. Revision request
31 fees cannot be passed on to the end loan consumer and must be borne
32 by the appraisal management company.

33 (4) Exterior only appraisals shall be compensated at a minimum of
34 ninety percent of the standard full interior appraisal fee shown in
35 the VA fee schedule.

36 (5)(a) Field reviews shall be compensated at one hundred percent
37 of the fee for a standard interior and exterior URAR 1004 appraisal.
38 The appraisal under review cannot be redacted or altered in any way
39 before providing it to the reviewer. Each of the following shall

1 increase the compensation for a field review by a minimum of fifteen
2 percent:

3 (i) Field reviews on appraisals having a total of more than six
4 comparables or pending sales or active listings;

5 (ii) Each of the applicable conditions listed in subsection (3)
6 of this section.

7 (b) Desk reviews shall be compensated at no less than thirty-five
8 percent of the fee for a standard URAR 1004 appraisal. The appraisal
9 under review must not be redacted or altered in any way before
10 providing it to the reviewer.

11 (6) The appraiser shall be entitled to the following minimum
12 cancellation fees if appraisal is canceled by a client or appraisal
13 management company. The appraisal management company shall pay a
14 minimum of:

15 (a) Twenty-five percent if canceled after assignment has been
16 accepted by the appraiser;

17 (b) Fifty percent if canceled less than three business days
18 before the site visit or if the site visit has been started;

19 (c) Sixty percent if the site visit has been completed;

20 (d) Seventy-five percent if the site visit has been completed and
21 the comparable sales have been researched and photographed;

22 (e) Ninety percent if the appraiser has begun writing the
23 appraisal report.

24 (7) Additional trip fees, missed appointment fees, and
25 reinspections (1004D/442) are to be paid at a minimum of thirty-five
26 percent of the appraisal fee.

27 (8) Any appraisal report ordered as one type or form which is
28 later changed to another type or form of report will automatically
29 incur a minimum twenty-five percent fee increase.

30 NEW SECTION. **Sec. 2.** A new section is added to chapter 18.310
31 RCW to read as follows:

32 (1) In all cases and instances the laws of the state of
33 Washington shall govern all appraisal management companies doing
34 business with real estate appraisers licensed or certified in the
35 state of Washington and the jurisdiction shall in all cases and
36 instances be with courts of the state of Washington.

37 (2) Venue in all cases and instances shall be at the selection of
38 the party filing the action of any of the following four venues: (a)
39 The county in which the plaintiff is located; (b) the county in which

1 any one or more of the properties that is the subject of the
2 complaint or appraisal is located; (c) the county where the appraisal
3 management company or their registered agent is located; or (d)
4 Thurston county.

5 NEW SECTION. **Sec. 3.** A new section is added to chapter 18.310
6 RCW to read as follows:

7 Appraisal management companies can order and have performed
8 background checks on potential members of their appraiser panels who
9 are registered, licensed, or certified appraisers but in no event can
10 they charge the appraisers for the background checks.

11 **Sec. 4.** RCW 18.310.150 and 2010 c 179 s 14 are each amended to
12 read as follows:

13 (1) In addition to the unprofessional conduct described in RCW
14 18.235.130, the director may take disciplinary action for the
15 following:

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

18 (b) Failing to pay appraisers no later than (~~forty-five~~)
19 fifteen calendar days after completion of the appraisal service
20 (~~unless otherwise agreed or~~) unless the appraiser has been notified
21 in writing prior to the expiration of the fifteen calendar days that
22 a bona fide dispute exists regarding the performance or quality of
23 the appraisal service. For the purposes of this subsection, payment
24 date shall be the date of actual postmark or the date of credit card
25 or automated clearinghouse payment;

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

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

30 (i) Withholding or threatening to withhold timely payment for an
31 appraisal;

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

34 (iii) Withholding or threatening to withhold future business for,
35 or demoting or terminating or threatening to demote or terminate, an
36 appraiser;

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

1 (v) Conditioning the request for an appraisal or the payment of
2 an appraisal fee or salary or bonus on the opinion, conclusion, or
3 valuation to be reached, or on a preliminary estimate or opinion
4 requested from an appraiser;

5 (vi) Requesting that an appraiser provide an estimated,
6 predetermined, or desired valuation in an appraisal report, or
7 provide estimated values or comparable sales at any time prior to the
8 appraiser's completion of an appraisal;

9 (vii) Providing to an appraiser an anticipated, estimated,
10 encouraged, or desired value for a subject property or a proposed or
11 target amount to be loaned to the borrower, except that a copy of the
12 sales contract for purchase transactions must be provided to the
13 appraiser;

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

16 (ix) Obtaining, using, or paying for a second or subsequent
17 appraisal or ordering an automated valuation model in connection with
18 a mortgage financing transaction unless there is a reasonable basis
19 to believe that the initial appraisal was flawed or tainted and such
20 basis is clearly and appropriately noted in the loan file, or unless
21 such appraisal or automated valuation model is done pursuant to a
22 bona fide prefunding or postfunding appraisal review or quality
23 control process; or

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

27 (e) Altering, modifying, or otherwise changing a completed
28 appraisal report submitted by an appraiser including but not limited
29 to unlocking or removing the security features from an electronic
30 appraisal report file or removing the appraiser's signature from the
31 report;

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

34 (g) Extracting, copying, or using only a portion of the appraisal
35 report without reference to the entire report. In any claim,
36 complaint, or allegation against any appraiser by any person,
37 business, or governmental agency, an unaltered original electronic
38 copy or a paper copy bearing the appraiser's original signature shall
39 be in all cases considered the complete original report;

1 (h) Prohibiting or attempting to prohibit the appraiser from
2 including or referencing the appraisal fee, the appraisal management
3 company name or identity, or the client's or lender's name or
4 identity in the appraisal report;

5 (i) Knowingly requiring an appraiser to prepare an appraisal
6 report, engaging an appraiser to perform an appraisal, or accepting
7 an appraisal from an appraiser who has informed the appraisal
8 management company that he or she does not have either the geographic
9 competence or necessary expertise to complete the appraisal;

10 (j) Knowingly requiring an appraiser to prepare an appraisal
11 report under such a limited time frame when the appraiser, in the
12 appraiser's own professional judgment, has informed the appraisal
13 management company that it does not afford the appraiser the ability
14 to meet all relevant legal and professional obligations or provide a
15 credible opinion of value for the property being appraised. This
16 subsection (1)(j) allows an appraiser to decline an assignment, but
17 is not a basis for complaints against the appraisal management
18 company;

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

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

24 (i) The lender;

25 (ii) A real estate licensee;

26 (iii) A property owner; or

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

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

34 (n) Prohibiting or refusing to allow, or attempting to prohibit
35 or refuse to allow, the transfer of an appraisal from one lender to
36 another lender if the lenders are allowed to transfer an appraisal
37 under applicable federal law; or

38 (o) Requiring an appraiser to sign any indemnification agreement
39 that would require the appraiser to defend and/or hold harmless the
40 appraisal management company or any of its agents, employees, or

1 independent contractors for any liability, damage, losses, or claims
2 arising out of the services performed by the appraisal management
3 company or its agents, employees, or independent contractors and not
4 the services performed by the appraiser.

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

8 (a) Provide additional information about the basis for a
9 valuation, including whether or not the appraiser considered other
10 sales and reasons the other sales were either not considered relevant
11 or included in the appraisal; or

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

13 **Sec. 5.** RCW 18.310.050 and 2010 c 179 s 5 are each amended to
14 read as follows:

15 Every company seeking licensure (~~whose headquarters is not based~~
16 ~~in the state of Washington~~) shall submit, with the application for
17 licensure, (~~an irrevocable consent that service of process upon the~~
18 ~~controlling person or persons may be made by service on the director~~
19 ~~if, in an action against the entity in a Washington state court~~
20 ~~arising out of the entity's activities as an appraisal management~~
21 ~~company, the plaintiff cannot, in the exercise of due diligence,~~
22 ~~obtain personal service upon the company~~) proof of registration with
23 the Washington secretary of state's office together with a uniform
24 business identifier (UBI) number and shall at all times thereafter
25 maintain a registered agent located within the boundaries of the
26 state of Washington.

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