
HOUSE BILL 1015

State of Washington

66th Legislature

2019 Regular Session

By Representatives Jenkin, Kirby, Vick, and Blake

Prefiled 12/05/18. Read first time 01/14/19. Referred to Committee on Civil Rights & Judiciary.

1 AN ACT Relating to actions arising out of real estate appraisal
2 activity; reenacting and amending RCW 18.140.010; adding a new
3 section to chapter 18.140 RCW; adding a new section to chapter 4.16
4 RCW; adding a new section to chapter 18.310 RCW; and creating a new
5 section.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 18.140
8 RCW to read as follows:

9 (1) Except as provided in subsection (2) of this section, any
10 claim or cause of action against a state-certified or state-licensed
11 real estate appraiser, state-registered appraiser trainee, appraisal
12 management company, or real estate appraisal company or business,
13 arising out of an appraisal report, must be brought within the
14 earlier of the two following periods:

15 (a) Within one year from the date of discovery of the act or
16 omission giving rise to the claim or cause of action; or

17 (b) Within three years from the date the state-certified or
18 state-licensed real estate appraiser or state-registered appraiser
19 trainee signs or affixes their signature electronically or otherwise
20 to the appraisal report.

1 (2) Subsection (1) of this section does not apply to any claim or
2 cause of action upon the ground of fraud governed under RCW
3 4.16.080(4).

4 (3)(a) An appraisal report is deemed prepared at the request of
5 and exclusively for the benefit of:

6 (i) The client;

7 (ii) An intended user of the appraisal report as specified in the
8 appraisal report; and

9 (iii) If the client is a financial institution or mortgage
10 lender, then its successors in interest.

11 (b) An appraisal report is deemed prepared for the intended use
12 specified in the appraisal report.

13 (c) A state-certified or state-licensed real estate appraiser,
14 state-registered appraiser trainee, appraisal management company, or
15 real estate appraisal company or business, may not be held liable in
16 any court of law in any action arising out of an appraisal report to
17 any person or entity other than a person or entity described in (a)
18 of this subsection.

19 NEW SECTION. **Sec. 2.** A new section is added to chapter 4.16 RCW
20 to read as follows:

21 The statute of limitations and statute of repose in section 1 of
22 this act applies to claims and causes of action against a real estate
23 appraiser or trainee real estate appraiser certified, licensed, or
24 registered under chapter 18.140 RCW, an appraisal management company
25 licensed under chapter 18.310 RCW, or a real estate appraisal company
26 or business, arising out of an appraisal report.

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

29 The statute of limitations and statute of repose in section 1 of
30 this act applies to claims and causes of action against a real estate
31 appraiser or trainee real estate appraiser certified, licensed, or
32 registered under chapter 18.140 RCW, an appraisal management company
33 licensed under this chapter, or a real estate appraisal company or
34 business, arising out of an appraisal report.

35 **Sec. 4.** RCW 18.140.010 and 2016 c 144 s 1 are each reenacted and
36 amended to read as follows:

1 The definitions in this section apply throughout this chapter
2 unless the context clearly requires otherwise.

3 (1) "Appraisal" means the act or process of estimating value; an
4 estimate of value; or of or pertaining to appraising and related
5 functions.

6 (2) "Appraisal assignment" means an engagement for which an
7 appraiser is employed or retained to act, or would be perceived by
8 third parties or the public as acting, as a disinterested third party
9 in rendering an unbiased analysis, opinion, or conclusion relating to
10 the value of specified interests in, or aspects of, identified real
11 estate. The term "appraisal assignment" may apply to valuation work
12 and analysis work.

13 (3) "Appraisal report" means any communication, written or oral,
14 of an appraisal, review, or consulting service in accordance with the
15 standards of professional conduct or practice, adopted by the
16 director, that is transmitted to the client upon completion of an
17 assignment.

18 (4) "Brokers price opinion" means an oral or written report of
19 property value that is prepared by a real estate broker or
20 salesperson licensed under chapter 18.85 RCW.

21 (5) "Client" means any party for whom an appraiser performs a
22 service.

23 (6) "Commission" means the real estate appraiser commission of
24 the state of Washington.

25 (7) "Comparative market analysis" means a brokers price opinion.

26 (8) "Department" means the department of licensing.

27 (9) "Director" means the director of the department of licensing.

28 (10) "Expert review appraiser" means a state-certified or state-
29 licensed real estate appraiser chosen by the director for the purpose
30 of providing appraisal review assistance to the director.

31 (11) "Federal department" means an executive department of the
32 United States of America specifically concerned with housing finance
33 issues, such as the department of housing and urban development, the
34 department of veterans affairs, or their legal federal successors.

35 (12) "Federal financial institutions regulatory agency" means the
36 board of governors of the federal reserve system, the federal deposit
37 insurance corporation, the office of the comptroller of the currency,
38 the national credit union administration, their successors and/or
39 such other agencies as may be named in future amendments to 12 U.S.C.
40 Sec. 3350(6).

1 (13) "Federal secondary mortgage marketing agency" means the
2 federal national mortgage association, the government national
3 mortgage association, the federal home loan mortgage corporation,
4 their successors and/or such other similarly functioning housing
5 finance agencies as may be federally chartered in the future.

6 (14) "Federally related transaction" means any real estate-
7 related financial transaction that the federal financial institutions
8 regulatory agency or the resolution trust corporation engages in,
9 contracts for, or regulates; and that requires the services of an
10 appraiser.

11 (15) "Financial institution" means any person doing business
12 under the laws of this state or the United States relating to banks,
13 bank holding companies, savings banks, trust companies, savings and
14 loan associations, credit unions, consumer loan companies, and the
15 affiliates, subsidiaries, and service corporations thereof.

16 (16) "Mortgage broker" for the purpose of this chapter means a
17 mortgage broker licensed under chapter 19.146 RCW, any mortgage
18 broker approved and subject to audit by the federal national mortgage
19 association, the government national mortgage association, or the
20 federal home loan mortgage corporation as provided in RCW 19.146.020,
21 any mortgage broker approved by the United States secretary of
22 housing and urban development for participation in any mortgage
23 insurance under the national housing act, 12 U.S.C. Sec. 1201, and
24 the affiliates, subsidiaries, and service corporations thereof.

25 (17) "Real estate" means an identified parcel or tract of land,
26 including improvements, if any.

27 (18) "Real estate-related financial transaction" means any
28 transaction involving:

29 (a) The sale, lease, purchase, investment in, or exchange of real
30 property, including interests in property, or the financing thereof;

31 (b) The refinancing of real property or interests in real
32 property; and

33 (c) The use of real property or interests in property as security
34 for a loan or investment, including mortgage-backed securities.

35 (19) "Real property" means one or more defined interests,
36 benefits, or rights inherent in the ownership of real estate.

37 (20) "Review" means the act or process of critically studying an
38 appraisal report prepared by another.

39 (21) "Specialized appraisal services" means all appraisal
40 services that do not fall within the definition of appraisal

1 assignment. The term "specialized appraisal service" may apply to
2 valuation work and to analysis work. Regardless of the intention of
3 the client or employer, if the appraiser would be perceived by third
4 parties or the public as acting as a disinterested third party in
5 rendering an unbiased analysis, opinion, or conclusion, the work is
6 classified as an appraisal assignment and not a specialized appraisal
7 service.

8 (22) "State-certified general real estate appraiser" means a
9 person certified by the director to develop and communicate real
10 estate appraisals of all types of property. A state-certified general
11 real estate appraiser may designate or identify an appraisal rendered
12 by him or her as a "certified appraisal."

13 (23) "State-certified residential real estate appraiser" means a
14 person certified by the director to develop and communicate real
15 estate appraisals of all types of residential property of one to four
16 units without regard to transaction value or complexity and
17 nonresidential property having a transaction value as specified in
18 rules adopted by the director. A state-certified residential real
19 estate appraiser may designate or identify an appraisal rendered by
20 him or her as a "certified appraisal."

21 (24) "State-licensed real estate appraiser" means a person
22 licensed by the director to develop and communicate real estate
23 appraisals of noncomplex one to four residential units and complex
24 one to four residential units and nonresidential property having
25 transaction values as specified in rules adopted by the director.

26 (25) "State-registered appraiser trainee," "trainee," or "trainee
27 real estate appraiser" means a person registered by the director
28 under RCW 18.140.280 to develop and communicate real estate
29 appraisals under the immediate and personal direction of a state-
30 certified real estate appraiser. Appraisals are limited to those
31 types of properties that the supervisory appraiser is permitted by
32 their current credential, and that the supervisory appraiser is
33 competent and qualified to appraise. By signing the appraisal report,
34 or being identified in the certification or addenda as having lent
35 significant professional assistance, the state-registered appraiser
36 trainee accepts total and complete individual responsibility for all
37 content, analyses, and conclusions in the report.

38 (26) "Supervisory appraiser" means a person holding a currently
39 valid certificate issued by the director as a state-certified real
40 estate appraiser providing direct supervision to another state-

1 certified, state-licensed, or state-registered appraiser trainee. The
2 supervisory appraiser must be in good standing in each jurisdiction
3 that he or she is credentialed. The supervisory appraiser must sign
4 all appraisal reports. By signing the appraisal report, the
5 supervisory appraiser accepts full responsibility for all content,
6 analyses, and conclusions in the report.

7 (27) "Appraisal management company" has the same meaning as in
8 RCW 18.310.010.

9 NEW SECTION. **Sec. 5.** This act applies to any claim or cause of
10 action against a state-certified or state-licensed real estate
11 appraiser, state-registered appraiser trainee, appraisal management
12 company, or real estate appraisal company or business, arising out of
13 an appraisal report completed on or after the effective date of this
14 section.

15 NEW SECTION. **Sec. 6.** If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

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