
SENATE BILL 5124

State of Washington

66th Legislature

2019 Regular Session

By Senator Das; by request of Department of Licensing

Prefiled 01/10/19.

1 AN ACT Relating to appraisal management companies; amending RCW
2 18.310.040, 18.310.060, 18.310.090, and 18.310.120; and providing
3 effective dates.

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

5 **Sec. 1.** RCW 18.310.040 and 2013 c 90 s 1 are each amended to
6 read as follows:

7 (1) Applications for licensure must be made to the department on
8 forms approved by the director. A license is valid for (~~two years~~)
9 one year and must be renewed on or before the expiration date.
10 Applications for original and renewal licenses must include a
11 statement confirming that the company must comply with applicable
12 rules and that the company understands the penalties for misconduct.

13 (2) The appropriate fees must accompany all applications for
14 original licensure and renewal.

15 (3)(a) Each applicant shall file and maintain a surety bond,
16 approved by the director, executed by the applicant as obligor and by
17 a surety company authorized to do a surety business in this state as
18 surety, whose liability as the surety may not exceed in the aggregate
19 the penal sum of the bond. The penal sum of the bond must be a
20 minimum of one hundred thousand dollars. The bond must run to the
21 state of Washington as obligee for the use and benefit of the state

1 and of any person or persons who may have a cause of action against
2 the obligor under this chapter. The bond must be conditioned that the
3 obligor as licensee will faithfully conform to and abide by this
4 chapter and all the rules adopted under this chapter. The bond will
5 pay to the state and any person or persons having a cause of action
6 against the obligor all moneys that may become due and owing to the
7 state and those persons under and by virtue of this chapter.

8 (b) If the director determines that surety bonds are not readily
9 available to appraisal management companies, the director may accept
10 a cash bond or other security in lieu of the surety bond required by
11 this section. The security accepted in lieu of a surety bond must be
12 in an amount equal to the penal sum of the required bond. All
13 obligations and remedies relating to surety bonds apply to deposits
14 and other security filed in lieu of surety bonds.

15 **Sec. 2.** RCW 18.310.060 and 2010 c 179 s 7 are each amended to
16 read as follows:

17 (1) It is unlawful for an entity to engage or attempt to engage
18 in business as an appraisal management company, to engage or attempt
19 to perform appraisal management services, or to advertise or hold
20 itself out as engaging in or conducting business as an appraisal
21 management company without first obtaining a license issued by the
22 department under this chapter.

23 (2) An application for the issuance or renewal of a license
24 required by subsection (1) of this section must, at a minimum,
25 include the following information:

26 (a) Name of the entity seeking licensure;

27 (b) Names under which the entity will do business;

28 (c) Business address of the entity seeking licensure;

29 (d) Phone contact information of the entity seeking licensure;

30 (e) If the entity is not a corporation that is domiciled in this
31 state, the name and contact information for the company's agent for
32 service of process in this state;

33 (f) The name, address, and contact information for any individual
34 or any corporation, partnership, or other business entity that owns
35 ten percent or more of the appraisal management company;

36 (g) The name, address, and contact information for a controlling
37 person;

38 (h) A certification that the entity has a system and process in
39 place to verify that a person being added to the appraiser panel of

1 the appraisal management company for work being done in this state
2 holds a license or certificate in good standing under chapter 18.140
3 RCW;

4 (i) A certification that the entity has a system in place to
5 review the work of appraisers that are performing real estate
6 appraisal services on a periodic basis and have a policy in place to
7 require that the real estate appraisal services provided by the
8 appraiser are being conducted in accordance with chapter 18.140 RCW
9 and other applicable state and federal laws;

10 (j) A certification that the entity maintains a detailed record
11 of each service request that it receives and the appraiser that
12 performs the real estate appraisal services under (~~section 13 of~~
13 ~~this act~~) RCW 18.310.130;

14 (k) A certification that the entity maintains a complete copy of
15 the completed appraisal report performed as a part of any request,
16 for a minimum period of five years, or at least two years after final
17 disposition of any judicial proceeding related to the assignment,
18 under uniform standards of professional appraisal practice
19 provisions, and that the appraisals must be provided to the
20 department upon demand;

21 (l) An irrevocable uniform consent to service of process, under
22 RCW 18.310.080; and

23 (m) Any other relevant information reasonably required by the
24 department to obtain a license under the requirements of this
25 chapter.

26 **Sec. 3.** RCW 18.310.090 and 2010 c 179 s 8 are each amended to
27 read as follows:

28 (1) Each entity owning more than ten percent of an appraisal
29 management company may not be (~~(~~

30 ~~(a))~~ directly controlled (~~(by a person who has had a license or~~
31 ~~certificate to act as an appraiser refused, denied, canceled, or~~
32 ~~revoked;))~~) or

33 (~~(b) More than ten percent~~) owned in whole or in part by any
34 person who has had a license or certificate to act as an appraiser
35 refused, denied, canceled, or revoked in any state.

36 (2) Each person that owns (~~more than ten percent of~~) an
37 appraisal management company in whole or in part must (~~(~~

38 ~~(a))~~ not have had a license or certificate to act as an
39 appraiser refused, denied, canceled, or revoked in any state (~~(;))~~ .

1 (3) Owners of more than ten percent of an appraisal management
2 company must:

3 ~~((b))~~ (a) Be of good moral character, as determined by the
4 department; and

5 ~~((c))~~ (b) Submit to a background investigation under RCW
6 18.310.070.

7 ~~((3))~~ (4) Each appraisal management company must certify to the
8 department that it has reviewed each and every individual or entity
9 that owns ~~((more than ten percent of))~~ the appraisal management
10 company in whole or in part and that no such person or entity ~~((that~~
11 ~~owns more than ten percent of the appraisal management company))~~ is
12 prohibited from owning an appraisal management company under this
13 section.

14 ~~((4))~~ (5) A person under this section may appeal an
15 adjudicative proceeding involving a final decision of the director to
16 deny, suspend, or revoke a license under chapter 18.235 RCW.

17 **Sec. 4.** RCW 18.310.120 and 2010 c 179 s 11 are each amended to
18 read as follows:

19 (1) The provisions of this chapter do not apply to the following:

20 ~~((1) A department or unit within a financial institution that is~~
21 ~~subject to direct regulation by an agency of the United States~~
22 ~~government, or to regulation by an agency of this state, that~~
23 ~~receives a request for the performance of an appraisal from one~~
24 ~~employee of the financial institution, and another employee of the~~
25 ~~same financial institution assigns the request for the appraisal to~~
26 ~~an appraiser that is part of an appraiser panel))~~ (a) An appraisal
27 management company that is a subsidiary owned and controlled by a
28 financial institution regulated by a federal financial institution
29 regulatory agency; or

30 ~~((2))~~ (b) An appraiser that enters into an agreement, whether
31 written or otherwise, with another appraiser for the performance of
32 an appraisal, and upon completion of the appraisal, the report of the
33 appraiser performing the appraisal is signed by both the appraiser
34 who completed the appraisal and the appraiser who requested the
35 completion of the appraisal.

36 (2) For the purposes of this section, "federal financial
37 institution regulatory agency" means the same as in Title 12 U.S.C.
38 Sec. 3350.

1 NEW SECTION. **Sec. 5.** (1) Section 1 of this act takes effect
2 June 4, 2020.

3 (2) Sections 2 through 4 of this act take effect July 31, 2019.

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