

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5924

56th Legislature
2000 Regular Session

Passed by the Senate March 7, 2000
YEAS 45 NAYS 1

President of the Senate

Passed by the House March 2, 2000
YEAS 67 NAYS 30

**Speaker of the
House of Representatives**

**Speaker of the
House of Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5924** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5924

AS AMENDED BY THE HOUSE

Passed Legislature - 2000 Regular Session

State of Washington 56th Legislature 2000 Regular Session

By Senate Committee on Commerce, Trade, Housing & Financial
Institutions (originally sponsored by Senators Jacobsen, Honeyford and
Gardner)

Read first time 02/04/2000.

1 AN ACT Relating to real estate appraisers; amending RCW 18.140.010
2 and 18.140.030; and adding new sections to chapter 18.140 RCW.

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

4 **Sec. 1.** RCW 18.140.010 and 1997 c 399 s 1 are each amended to read
5 as follows:

6 As used in this chapter, the following terms have the meanings
7 indicated unless the context clearly requires otherwise.

8 (1) "Appraisal" means the act or process of estimating value; an
9 estimate of value; or of or pertaining to appraising and related
10 functions.

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

15 (3) "Appraisal assignment" means an engagement for which an
16 appraiser is employed or retained to act, or would be perceived by
17 third parties or the public as acting, as a disinterested third party
18 in rendering an unbiased analysis, opinion, or conclusion relating to
19 the value of specified interests in, or aspects of, identified real

1 estate. The term "appraisal assignment" may apply to valuation work
2 and analysis work.

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

6 (5) "Certified appraisal" means an appraisal prepared or signed by
7 a state-certified real estate appraiser. A certified appraisal
8 represents to the public that it meets the appraisal standards defined
9 in this chapter.

10 (6) "Client" means any party for whom an appraiser performs a
11 service.

12 (7) (~~"Committee"~~) "Commission" means the real estate appraiser
13 (~~(advisory committee)~~) commission of the state of Washington.

14 (8) "Comparative market analysis" means a brokers price opinion.

15 (9) "Department" means the department of licensing.

16 (10) "Director" means the director of the department of licensing.

17 (11) "Expert review appraiser" means a state-certified or state-
18 licensed real estate appraiser chosen by the director for the purpose
19 of providing appraisal review assistance to the director.

20 (12) "Federal department" means an executive department of the
21 United States of America specifically concerned with housing finance
22 issues, such as the department of housing and urban development, the
23 department of veterans affairs, or their legal federal successors.

24 (13) "Federal financial institutions regulatory agency" means the
25 board of governors of the federal reserve system, the federal deposit
26 insurance corporation, the office of the comptroller of the currency,
27 the office of thrift supervision, the national credit union
28 administration, their successors and/or such other agencies as may be
29 named in future amendments to 12 U.S.C. Sec. 3350(6).

30 (14) "Federal secondary mortgage marketing agency" means the
31 federal national mortgage association, the government national mortgage
32 association, the federal home loan mortgage corporation, their
33 successors and/or such other similarly functioning housing finance
34 agencies as may be federally chartered in the future.

35 (15) "Federally related transaction" means any real estate-related
36 financial transaction that the federal financial institutions
37 regulatory agency or the resolution trust corporation engages in,
38 contracts for, or regulates; and that requires the services of an
39 appraiser.

1 (16) "Financial institution" means any person doing business under
2 the laws of this state or the United States relating to banks, bank
3 holding companies, savings banks, trust companies, savings and loan
4 associations, credit unions, consumer loan companies, and the
5 affiliates, subsidiaries, and service corporations thereof.

6 (17) "Licensed appraisal" means an appraisal prepared or signed by
7 a state-licensed real estate appraiser. A licensed appraisal
8 represents to the public that it meets the appraisal standards defined
9 in this chapter.

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

19 (19) "Real estate" means an identified parcel or tract of land,
20 including improvements, if any.

21 (20) "Real estate-related financial transaction" means any
22 transaction involving:

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

25 (b) The refinancing of real property or interests in real property;
26 and

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

29 (21) "Real property" means one or more defined interests, benefits,
30 or rights inherent in the ownership of real estate.

31 (22) "Review" means the act or process of critically studying an
32 appraisal report prepared by another.

33 (23) "Specialized appraisal services" means all appraisal services
34 which do not fall within the definition of appraisal assignment. The
35 term "specialized appraisal service" may apply to valuation work and to
36 analysis work. Regardless of the intention of the client or employer,
37 if the appraiser would be perceived by third parties or the public as
38 acting as a disinterested third party in rendering an unbiased

1 analysis, opinion, or conclusion, the work is classified as an
2 appraisal assignment and not a specialized appraisal service.

3 (24) "State-certified general real estate appraiser" means a person
4 certified by the director to develop and communicate real estate
5 appraisals of all types of property. A state-certified general real
6 estate appraiser may designate or identify an appraisal rendered by him
7 or her as a "certified appraisal."

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

16 (26) "State-licensed real estate appraiser" means a person licensed
17 by the director to develop and communicate real estate appraisals of
18 noncomplex one to four residential units and complex one to four
19 residential units and nonresidential property having transaction values
20 as specified in rules adopted by the director.

21 **Sec. 2.** RCW 18.140.030 and 1996 c 182 s 4 are each amended to read
22 as follows:

23 The director shall have the following powers and duties:

24 (1) To adopt rules in accordance with chapter 34.05 RCW necessary
25 to implement this chapter, with the advice and approval of the
26 commission;

27 (2) To receive and approve or deny applications for certification
28 or licensure as a state-certified or state-licensed real estate
29 appraiser under this chapter; to establish appropriate administrative
30 procedures for the processing of such applications; to issue
31 certificates or licenses to qualified applicants pursuant to the
32 provisions of this chapter; and to maintain a register of the names and
33 addresses of individuals who are currently certified or licensed under
34 this chapter;

35 (3) To ~~((establish,))~~ provide administrative assistance~~((, and~~
36 ~~appoint))~~ to the members of and to keep records for the real estate
37 appraiser ~~((advisory committee to enable the committee to act in an~~
38 ~~advisory capacity to the director))~~ commission;

- 1 (4) To solicit bids and enter into contracts with educational
2 testing services or organizations for the preparation of questions and
3 answers for certification or licensure examinations;
- 4 (5) To administer or contract for administration of certification
5 or licensure examinations at locations and times as may be required to
6 carry out the responsibilities under this chapter;
- 7 (6) To enter into contracts for professional services determined to
8 be necessary for adequate enforcement of this chapter;
- 9 (7) To consider recommendations by the real estate appraiser
10 (~~advisory committee~~) commission relating to the experience,
11 education, and examination requirements for each classification of
12 state-certified appraiser and for licensure;
- 13 (8) To (~~impose~~) consider recommendations by the real estate
14 appraiser commission relating to continuing education requirements as
15 a prerequisite to renewal of certification or licensure;
- 16 (9) To consider recommendations by the real estate appraiser
17 (~~advisory committee~~) commission relating to standards of professional
18 appraisal conduct or practice in the enforcement of this chapter;
- 19 (10) To investigate all complaints or reports of unprofessional
20 conduct as defined in this chapter and to hold hearings as provided in
21 this chapter;
- 22 (11) To establish appropriate administrative procedures for
23 disciplinary proceedings conducted pursuant to the provisions of this
24 chapter;
- 25 (12) To compel the attendance of witnesses and production of books,
26 documents, records, and other papers; to administer oaths; and to take
27 testimony and receive evidence concerning all matters within their
28 jurisdiction. These powers may be exercised directly by the director
29 or the director's authorized representatives acting by authority of
30 law;
- 31 (13) To take emergency action ordering summary suspension of a
32 license or certification pending proceedings by the director;
- 33 (14) To employ such professional, clerical, and technical
34 assistance as may be necessary to properly administer the work of the
35 director;
- 36 (15) To establish forms necessary to administer this chapter;
- 37 (~~To adopt standards of professional conduct or practice;~~
38 ~~(17)~~) To establish an expert review appraiser roster comprised of
39 state-certified or licensed real estate appraisers whose purpose is to

1 assist the director by applying their individual expertise by reviewing
2 real estate appraisals for compliance with this chapter.
3 Qualifications to act as an expert review appraiser shall be
4 established by the director with the advice of the ((committee))
5 commission. An application to serve as an expert review appraiser
6 shall be submitted to the real estate appraiser program, and the roster
7 of accepted expert review appraisers shall be maintained by the
8 department. An expert review appraiser may be added to or deleted from
9 that roster by the director. The expert review appraiser shall be
10 reimbursed for expenses in the same manner as the department reimburses
11 the ((committee)) commission; and

12 ((+18)) (17) To do all other things necessary to carry out the
13 provisions of this chapter and minimally meet the requirements of
14 federal guidelines regarding state certification or licensure of
15 appraisers that the director determines are appropriate for state-
16 certified and state-licensed appraisers in this state.

17 NEW SECTION. **Sec. 3.** There is established the real estate
18 appraiser commission of the state of Washington, consisting of seven
19 members who shall act to give advice to the director.

20 (1) The seven commission members shall be appointed by the governor
21 in the following manner: For a term of six years each, with the
22 exception of the first appointees who shall be the incumbent members of
23 the predecessor real estate appraiser advisory committee to serve for
24 the duration of their current terms, with all other subsequent
25 appointees to be appointed for a six-year term.

26 (2) At least two of the commission members shall be selected from
27 the area of the state east of the Cascade mountain range and at least
28 two of the commission members shall be selected from the area of the
29 state west of the Cascade mountain range. At least two members of the
30 commission shall be certified general real estate appraisers, at least
31 two members of the commission shall be certified residential real
32 estate appraisers, and at least one member of the commission shall be
33 a licensed real estate appraiser, all pursuant to this chapter. No
34 certified or licensed appraiser commission member shall be appointed
35 who has not been certified and/or licensed pursuant to this chapter for
36 less than ten years, except that this experience duration shall be not
37 less than five years only for any commission member taking office
38 before January 1, 2003. One member shall be an employee of a financial

1 institution as defined in this chapter whose duties are concerned with
2 real estate appraisal management and policy. One member shall be an
3 individual engaged in mass appraisal whose duties are concerned with ad
4 valorem appraisal management and policy and who is licensed or
5 certified under this chapter. One member may be a member of the
6 general public.

7 (3) The members of the commission annually shall elect their
8 chairperson and vice-chairperson to serve for a term of one calendar
9 year. A majority of the members of said commission shall at all times
10 constitute a quorum.

11 (4) Any vacancy on the commission shall be filled by appointment by
12 the governor for the unexpired term.

13 NEW SECTION. **Sec. 4.** The members of the real estate appraiser
14 commission and its individual members shall have the following duties
15 and responsibilities:

16 (1) To meet at the call of the director or upon its own initiative
17 at the call of its chair or a majority of its members;

18 (2) To adopt a mission statement, and to serve as a liaison between
19 appraisal practitioners, the public, and the department; and

20 (3) To study and recommend changes to this chapter to the director
21 or to the legislature.

22 NEW SECTION. **Sec. 5.** The commission members shall be compensated
23 in accordance with RCW 43.03.240, plus travel expenses in accordance
24 with RCW 43.03.050 and 43.03.060 when they are in session by their call
25 or by the director, or when otherwise engaged in the business of the
26 commission.

27 NEW SECTION. **Sec. 6.** Sections 3 through 5 of this act are each
28 added to chapter 18.140 RCW.

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