

HOUSE BILL REPORT

ESHB 1860

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to real estate appraisers.

Brief Description: Regulating real estate appraisers.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas, Goldsmith and Robertson).

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/11/96 [DP2S].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 11 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Scheurman, Assistant Ranking Minority Member; Dellwo; Dyer; Grant; Keiser; Kessler; Pelesky and D. Sommers.

Minority Report: Without recommendation. Signed by 1 member: Representative Beeksma, Vice Chairman.

Staff: Charlie Gavigan (786-7340).

Background: In 1988, the federal Office of Management and Budget issued a directive to federal agencies to require state certified appraisals for certain federally-related transactions by July 1, 1991. In 1989, a state certification program was enacted by the Legislature to allow Washington appraisers to perform appraisals for these transactions.

There are three levels of real estate appraiser certification. A state-certified general real estate appraiser may render certified appraisals of all types of property. A state-certified residential real estate appraiser may make certified appraisals of residential property of one to four units without regard to transaction value or complexity and nonresidential property as specified in rules adopted by the director. A state-licensed real estate appraiser may make licensed appraisals of noncomplex property of one to

four residential units, complex property of one to four residential units, and nonresidential property having a transaction value as specified in rules adopted by the director.

This law does not preclude a person who is not certified or licensed from appraising real estate in this state for compensation, except in federally-related transactions requiring licensure or certification.

Summary of Second Substitute Bill: A person can conduct a real estate appraisal for compensation only if the person is licensed or certified by the state. This does not apply to a government employee acting within the scope of his or her employment, a real estate broker or agent when dealing with a client, an employee of a financial institution or mortgage broker acting in the scope of his or her employment, and attorneys and certified public accountants acting in the scope of their professions.

The Department of Licensing may establish an expert review appraiser roster to assist the director in reviewing appraisals for compliance with the requirements of real estate appraiser provisions. The department's enforcement powers are enhanced.

The requirement that appraisers be licensed or certified in order to receive compensation for doing any real estate appraisal in Washington, not just those federally-related, takes effect July 1, 1997.

Second Substitute Bill Compared to Engrossed Substitute Bill: Attorneys are added to those exempted from the licensing requirements when doing appraisals in the scope of their practice. The effective dates are moved ahead one year.

Appropriation: None.

Fiscal Note: Requested January 10, 1996.

Effective Date of Second Substitute Bill: The bill contains an emergency clause and takes effect July 1, 1996, except Section 3, which takes effect July 1, 1997.

Testimony For: Requiring that all appraisers be certified or licensed will protect the public. Utilizing expert appraisers to review appraisals will make the department's regulatory role more effective.

Testimony Against: None.

Testified: Trevor Sandison, Appraisers Coalition of Washington (pro); Jim Irish, Appraisers Coalition of Washington (pro); and Scott Nelson, Washington Association of Mortgage Brokers and Washington Independent Community Bankers Association.