

# HOUSE BILL REPORT

## HB 1860

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**As Reported By House Committee On:**  
Financial Institutions & Insurance

**Title:** An act relating to real estate appraisers.

**Brief Description:** Regulating real estate appraisers.

**Sponsors:** Representatives L. Thomas, Goldsmith and Robertson.

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 2/23/95, 3/1/95 [DPS].

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Costa; Dellwo; Dyer; Huff; Kessler; Mielke; Ogden and Pelesky.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Beeksma, Vice Chairman; Benton and Campbell.

**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, and 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 Substitute Bill:** A person can only conduct a real estate appraisal for compensation if the person is licensed or certified by the state, or is a trainee real estate appraiser. 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 certified public accountants acting in the scope of their profession.

A trainee real property appraiser classification is created. The trainee must register with the state; the trainee assists a supervisor in the development of appraisals to gain experience. The Department of Licensing must establish an application process and administration program for trainee real estate appraisers, and may develop an examination.

The requirement that appraisers be licensed, certified, or registered in order to receive compensation for doing any appraisal in Washington, not just those federally-related, takes effect July 1, 1996.

**Substitute Bill Compared to Original Bill:** The provisions giving a certified or licensed real estate appraiser an automatic lien on any property of the appraiser's client are removed. Clarifications are made to exemptions from the certification, licensing, or registration requirements.

**Appropriation:** None.

**Fiscal Note:** Requested February 20, 1995.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Requiring that all appraisers be certified or licensed will protect the public. The training program will enable new entrants to be well trained and competent.

**Testimony Against:** The bill is too broad; its scope should be narrowed. The lien automatically given to appraisers on client's property is not good public policy.

**Testified:** Jim Irish, Appraisal Institution, State of Washington Chapter (pro); Sheridan Shaffer, National Association of Independent Fee Appraisers of Washington (pro); Bill King, American Society of Appraisers (pro); Bob Mann (con); Ed Murphy, Washington Association of Realtors (pro with concerns); Chet Wainhouse, Washington Land Title Association (con with concerns); Syd Beckett, Cleotis Barner and Michael Lamb, Department of Licensing; Scott Gaspard, Washington Savings League and Washington Mortgage Lenders Association (con as written); Benson Porter, Key Bank (concerns); and Scott Nelson, Washington Association of Mortgage Brokers (con).