

# HOUSE BILL REPORT

## SSB 5924

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### As Reported By House Committee On:

Financial Institutions & Insurance

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

**Brief Description:** Modifying real estate appraiser laws.

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

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 2/18/00, 2/25/00 [DP].

#### Brief Summary of Substitute Bill

- A real estate appraiser commission is created that replaces the real estate appraiser advisory committee. The new commission gives advice and recommendations to the director and the Legislature and approves department rules on real estate appraisers.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean; Cairnes; DeBolt; Keiser; Quall; Santos; Sullivan and Talcott.

**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.

As of July 1, 1997, all appraisers have to be licensed or certified through the Department of Licensing in order to receive compensation for performing real estate appraisals in Washington, not just appraisals for federally-related transactions. A person may conduct a real estate appraisal for compensation only if the person is licensed or certified by the state. This requirement 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 appraisal done through a financial institution or mortgage broker that is not for a federally regulated transaction, and attorneys and certified public accountants acting in the scope of their professions.

The Department of Licensing has established an advisory committee to assist in its regulation of appraisers. Part of the department's regulatory mandate is to adopt standards of professional conduct or practice for appraisers.

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**Summary of Bill:**

A real estate appraiser commission is created that replaces the real estate appraiser advisory committee. The new commission gives advice and recommendations to the director and the Legislature and approves department rules on real estate appraisers. The Governor-appointed commission consists of seven members, at least two of whom must be from eastern Washington and at least two from western Washington, at least two must be certified general real estate appraisers, at least two must be certified residential real estate appraisers, at least one must be a licensed real estate appraiser, and at least one must be an employee of a financial institution, and one member may represent the general public. The members of the commission meet at the call of the director, or the commission chair or a majority of the commission may call commission meetings.

Commission members may receive up to \$50 per day for each day the member attends an official meeting, and the member also receives travel expenses.

The Department of Licensing's authority to adopt standards of professional conduct or practice for appraisers is removed.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The director is not required to accept the recommendation of the advisory committee. The role of appraisers in the regulation of appraisers themselves

should be broadened and strengthened. Appraisers need control over their standards of practice and discipline to enhance and strengthen protections for consumers. The appraisers do not want to risk impairment of the program and loss of federal approvals.

**Testimony on amendment:** Assessors should be represented on the commission.

**Testimony Against:** None.

**Testified:** (In support) Jim Tesso, Barry Wilson, and Jim Irish, Appraisers Coalition of Washington.

(Amendment suggested) Scott Noble, King County Assessor.