

# SENATE BILL REPORT

## SB 5356

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As of February 23, 2001

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

**Brief Description:** Providing for temporary real estate appraiser practice permits.

**Sponsors:** Senators Prentice, Winsley and Franklin; by request of Department of Licensing.

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/26/01.

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Staff:** Catherine Mele (786-7470)

**Background:** Under federal law, federal agencies must require state-certified real estate appraisals for certain federally-related transactions. Federal law also requires the states to recognize on a temporary basis the certification or license of a real estate appraiser from another state when: (1) the property being appraised is part of a federally-related transaction; (2) the appraiser's business is of a temporary nature; and (3) the appraiser registers with the state of temporary practice. A state may not impose excessive fees or burdensome requirements on this temporary practice.

These federal requirements are monitored by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council. Among its duties, the subcommittee sets standards defining "burdensome" requirements. The subcommittee has determined that limiting a temporary practice permit to less than six months after issuance and failing to provide an effortless method of obtaining an extension are burdensome requirements.

With some exceptions, persons performing real estate appraisals in Washington must be licensed or certified by the Department of Licensing in order to receive compensation for performing these services. Washington's law authorizes temporary appraisal licenses or certificates for licensed or certified real estate appraisers from other states. These temporary privileges expire 90 days from issuance. There is no authority for extending a temporary license or certificate.

The subcommittee advised the department in 1997 that Washington law does not comply with federal requirements for temporary real estate appraisal practice. The department received another letter in January 2001 outlining the concerns that must be addressed to achieve compliance. These concerns included the state's limit of 90 days for temporary practice permits and the lack of a renewal process.

**Summary of Bill:** The requirement for out-of-state temporary real estate appraiser licensing and certification privileges to expire 90 days from issuance is deleted. New provisions authorize the director of the Department of Licensing to adopt rules governing the term or

duration of temporary licensing and certification privileges. However, an applicant may receive an extension of a temporary practice permit to complete an assignment if the department receives a written request stating the reason for the extension before the permit's expiration date.

A temporary practice permit allows an appraiser to perform independent appraisal services required by a contract for appraisal services.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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