

2 **SSB 5676 - H COMM AMD ADOPTED 4-9-97**
3 By Committee on Commerce & Labor

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 18.140.010 and 1996 c 182 s 2 are each amended to
8 read as follows:

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

11 (1) "Appraisal" means the act or process of estimating value; an
12 estimate of value; or of or pertaining to appraising and related
13 functions.

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

18 (3) "Appraisal assignment" means an engagement for which an
19 appraiser is employed or retained to act, or would be perceived by
20 third parties or the public as acting, as a disinterested third party
21 in rendering an unbiased analysis, opinion, or conclusion relating to
22 the value of specified interests in, or aspects of, identified real
23 estate. The term "appraisal assignment" may apply to valuation work
24 and analysis work.

25 (4) "Brokers price opinion" means an oral or written report of
26 property value that is prepared by a real estate broker or salesperson
27 licensed under chapter 18.85 RCW (~~for listing, sale, purchase, or~~
28 ~~rental purposes~~)).

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

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

35 (7) "Committee" means the real estate appraiser advisory committee
36 of the state of Washington.

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

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

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

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

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

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

17 (14) "Federal secondary mortgage marketing agency" means the
18 federal national mortgage association, the government national mortgage
19 association, the federal home loan mortgage corporation, their
20 successors and/or such other similarly functioning housing finance
21 agencies as may be federally chartered in the future.

22 (15) "Federally related transaction" means any real estate-related
23 financial transaction that the federal financial institutions
24 regulatory agency or the resolution trust corporation engages in,
25 contracts for, or regulates; and that requires the services of an
26 appraiser.

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

32 ((+16+)) (17) "Licensed appraisal" means an appraisal prepared or
33 signed by a state-licensed real estate appraiser. A licensed appraisal
34 represents to the public that it meets the appraisal standards defined
35 in this chapter.

36 ((+17+)) (18) "Mortgage broker" for the purpose of this chapter
37 means a mortgage broker licensed under chapter 19.146 RCW, any mortgage
38 broker approved and subject to audit by the federal national mortgage
39 association, the government national mortgage association, or the

1 federal home loan mortgage corporation as provided in RCW 19.146.020,
2 any mortgage broker approved by the United States secretary of housing
3 and urban development for participation in any mortgage insurance under
4 the national housing act, 12 U.S.C. Sec. 1201, and the affiliates,
5 subsidiaries, and service corporations thereof.

6 ~~((18))~~ (19) "Real estate" means an identified parcel or tract of
7 land, including improvements, if any.

8 ~~((19))~~ (20) "Real estate-related financial transaction" means any
9 transaction involving:

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

12 (b) The refinancing of real property or interests in real property;
13 and

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

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

18 ~~((20))~~ (22) "Review" means the act or process of critically
19 studying an appraisal report prepared by another.

20 ~~((21))~~ (23) "Specialized appraisal services" means all appraisal
21 services which do not fall within the definition of appraisal
22 assignment. The term "specialized appraisal service" may apply to
23 valuation work and to analysis work. Regardless of the intention of
24 the client or employer, if the appraiser would be perceived by third
25 parties or the public as acting as a disinterested third party in
26 rendering an unbiased analysis, opinion, or conclusion, the work is
27 classified as an appraisal assignment and not a specialized appraisal
28 service.

29 ~~((22))~~ (24) "State-certified general real estate appraiser" means
30 a person certified by the director to develop and communicate real
31 estate appraisals of all types of property. A state-certified general
32 real estate appraiser may designate or identify an appraisal rendered
33 by him or her as a "certified appraisal."

34 ~~((23))~~ (25) "State-certified residential real estate appraiser"
35 means a person certified by the director to develop and communicate
36 real estate appraisals of all types of residential property of one to
37 four units without regard to transaction value or complexity and
38 nonresidential property having a transaction value as specified in
39 rules adopted by the director. A state certified residential real

1 estate appraiser may designate or identify an appraisal rendered by him
2 or her as a "certified appraisal."

3 ~~((24))~~ (26) "State-licensed real estate appraiser" means a person
4 licensed by the director to develop and communicate real estate
5 appraisals of noncomplex one to four residential units and complex one
6 to four residential units and nonresidential property having
7 transaction values as specified in rules adopted by the director.

8 **Sec. 2.** RCW 18.140.020 and 1996 c 182 s 3 are each amended to read
9 as follows:

10 (1) No person other than a state-certified or state-licensed real
11 estate appraiser may receive compensation of any form for a real estate
12 appraisal or an appraisal review. However, compensation may be
13 provided for brokers price opinions prepared by a real estate licensee,
14 licensed under chapter 18.85 RCW.

15 (2) No person, other than a state-certified or state-licensed real
16 estate appraiser, may assume or use that title or any title,
17 designation, or abbreviation likely to create the impression of
18 certification or licensure as a real estate appraiser by this state.

19 (3) A person who is not certified or licensed under this chapter
20 shall not prepare any appraisal of real estate located in this state,
21 except as provided under subsection (1) of this section.

22 (4) This section does not preclude a staff employee of a
23 governmental entity from performing an appraisal or an appraisal
24 assignment within the scope of his or her employment insofar as the
25 performance of official duties for the governmental entity are
26 concerned. Such an activity for the benefit of the governmental entity
27 is exempt from the requirements of this chapter.

28 (5) This ~~((section))~~ chapter does not preclude an individual person
29 licensed by the state of Washington as a real estate broker or as a
30 real estate salesperson ~~((and who performs))~~ from issuing a brokers
31 price opinion ((as a service to a prospective seller, buyer, lessor, or
32 lessee as the only intended user, and not for dissemination to a third
33 party, within the scope of his or her employment or agency. Such an
34 activity for the sole benefit of the prospective seller, buyer, lessor,
35 or lessee is exempt from the requirements of this chapter)). However,
36 if the brokers price opinion is written, or given as evidence in any
37 legal proceeding, and is issued to a person who is not a prospective
38 seller, buyer, lessor, or lessee as the only intended user, then the

1 brokers price opinion shall contain a statement, in an obvious location
2 within the written document or specifically and affirmatively in spoken
3 testimony, that substantially states: "This brokers price opinion is
4 not an appraisal as defined in chapter 18.140 RCW and has been prepared
5 by a real estate licensee, licensed under chapter 18.85 RCW, who
6 (is/is not) also state certified or state licensed as a real
7 estate appraiser under chapter 18.140 RCW." However, the brokers price
8 opinion issued under this subsection may not be used as an appraisal in
9 conjunction with a federally related transaction.

10 (6) This section does not apply to an appraisal or an appraisal
11 review performed for a financial institution or mortgage broker(~~(7~~
12 ~~whether conducted~~)) by an employee (~~(or third party)~~), when such
13 appraisal or appraisal review is not required to be performed by a
14 state-certified or state-licensed real estate appraiser by the
15 appropriate federal financial institutions regulatory agency.

16 (7) This section does not apply to an attorney licensed to practice
17 law in this state or to a certified public accountant, as defined in
18 RCW 18.04.025, who evaluates real property in the normal scope of his
19 or her professional services.

20 NEW SECTION. Sec. 3. This act is necessary for the immediate
21 preservation of the public peace, health, or safety, or support of the
22 state government and its existing public institutions, and takes effect
23 July 1, 1997."

24 Correct the title.

25 EFFECT: (1) When a broker's price opinion is issued to someone
26 other than a buyer, seller, lessor or lessee, and is given as written
27 evidence in a legal proceeding or as oral testimony, a statement must
28 be included that the broker's price opinion is not an appraisal and has
29 been prepared by a licensed real estate broker or salesperson who
30 either is or is not a licensed real estate appraiser.

31 (2) Appraisals or appraisal reviews performed by an employee or a
32 third party for a financial institution or mortgage broker are exempt
33 from the real estate appraisal law. This amendment deletes third party
34 appraisals from this exemption.

35 (3) Certain technical corrections are incorporated.

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