H-3440.1

SUBSTITUTE HOUSE BILL 2477

State of Washington 69th Legislature 2026 Regular Session

By House Consumer Protection & Business (originally sponsored by Representatives Low, Goodman, and Barkis)

READ FIRST TIME 02/04/26.

AN ACT Relating to actions arising out of real estate appraisal activity; reenacting and amending RCW 18.140.010; adding new sections to chapter 18.140 RCW; adding a new section to chapter 4.16 RCW; and adding a new section to chapter 18.310 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** A new section is added to chapter 18.140 RCW to read as follows:

(1) For purposes of this chapter and chapter 18.310 RCW, and section 3 of this act, an appraisal report is deemed prepared:

(a) At the request of and exclusively for the benefit or use of: (i) The client; (ii) an intended user of the appraisal report as specified within the appraisal report; and (iii) if the client is a financial institution or mortgage lender, then its immediate successor in interest if transferring the appraisal report to another lender; and

(b) For the intended use specified in the appraisal report.

(2) A state-certified or state-licensed real estate appraiser, state-registered appraiser trainee, appraisal management company, or real estate appraisal company or business, may not be held liable in any court of law in any action arising out of an appraisal report to

any person or entity other than a person or entity described in subsection (1)(a) of this section.

NEW SECTION. **Sec. 2.** A new section is added to chapter 4.16 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, and subject to section 1 of this act, any claim or cause of action against a state-certified real estate appraiser, state-licensed real estate appraiser, state-registered appraiser trainee, appraisal management company, or real estate appraisal company or business, arising out of an appraisal report completed on or after the effective date of this section, must be brought within the earlier of the two following periods:

(a) Within two years from the date of discovery of the act or omission giving rise to the claim or cause of action; or

(b) Within five years from the date the state-certified or state-licensed real estate appraiser or state-registered appraiser trainee signs or affixes their signature electronically or otherwise to the appraisal report.

(2) Subsection (1) of this section does not apply to:

(a) Any claim or cause of action upon the grounds of fraud governed under RCW 4.16.080; or

(b) Limit the department of licensing's authority to conduct investigations or take disciplinary action under chapter 18.140 or 18.310 RCW.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise:

(a) "Appraisal management company" has the same meaning as in RCW 18.310.010.

(b) "Appraisal report" has the same meaning as in RCW 18.140.010.

(c) "Real estate appraisal company or business" means a company or business conducting business regulated under chapters 18.140 and 18.310 RCW.

(d) "State-certified real estate appraiser" means a "state-certified general real estate appraiser" or a "state-certified residential real estate appraiser" as defined in RCW 18.140.010.

(e) "State-licensed real estate appraiser" has the same meaning as in RCW 18.140.010.

(f) "State-registered appraiser trainee" has the meaning as in RCW 18.140.010.

Sec. 3. RCW 18.140.010 and 2016 c 144 s 1 are each reenacted and amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

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

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

(3) "Appraisal management company" has the same meaning as in RCW 18.310.010.

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

((~~(4)~~)) (5) "Brokers price opinion" means an oral or written report of property value that is prepared by a real estate broker or salesperson licensed under chapter 18.85 RCW.

((~~(5)~~)) (6) "Client" means any party for whom an appraiser performs a service.

((~~(6)~~)) (7) "Commission" means the real estate appraiser commission of the state of Washington.

((~~(7)~~)) (8) "Comparative market analysis" means a brokers price opinion.

((~~(8)~~)) (9) "Department" means the department of licensing.

((~~(9)~~)) (10) "Director" means the director of the department of licensing.

((~~(10)~~)) (11) "Expert review appraiser" means a state-certified or state-licensed real estate appraiser chosen by the director for the purpose of providing appraisal review assistance to the director.

((~~(11)~~)) (12) "Federal department" means an executive department of the United States of America specifically concerned with housing finance issues, such as the department of housing and urban

development, the department of veterans affairs, or their legal federal successors.

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

((~~(13)~~)) (14) "Federal secondary mortgage marketing agency" means the federal national mortgage association, the government national mortgage association, the federal home loan mortgage corporation, their successors and/or such other similarly functioning housing finance agencies as may be federally chartered in the future.

((~~(14)~~)) (15) "Federally related transaction" means any real estate-related financial transaction that the federal financial institutions regulatory agency or the resolution trust corporation engages in, contracts for, or regulates; and that requires the services of an appraiser.

((~~(15)~~)) (16) "Financial institution" means any person doing business under the laws of this state or the United States relating to banks, bank holding companies, savings banks, trust companies, savings and loan associations, credit unions, consumer loan companies, and the affiliates, subsidiaries, and service corporations thereof.

((~~(16)~~)) (17) "Mortgage broker" for the purpose of this chapter means a mortgage broker licensed under chapter 19.146 RCW, any mortgage broker approved and subject to audit by the federal national mortgage association, the government national mortgage association, or the federal home loan mortgage corporation as provided in RCW 19.146.020, any mortgage broker approved by the United States secretary of housing and urban development for participation in any mortgage insurance under the national housing act, 12 U.S.C. Sec. 1201, and the affiliates, subsidiaries, and service corporations thereof.

((~~(17)~~)) (18) "Real estate" means an identified parcel or tract of land, including improvements, if any.

((~~(18)~~)) (19) "Real estate-related financial transaction" means any transaction involving:

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

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

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

((~~(19)~~)) (20) "Real property" means one or more defined interests, benefits, or rights inherent in the ownership of real estate.

((~~(20)~~)) (21) "Review" means the act or process of critically studying an appraisal report prepared by another.

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

((~~(22)~~)) (23) "State-certified general real estate appraiser" means a person certified by the director to develop and communicate real estate appraisals of all types of property. A state-certified general real estate appraiser may designate or identify an appraisal rendered by him or her as a "certified appraisal."

((~~(23)~~)) (24) "State-certified residential real estate appraiser" means a person certified by the director to develop and communicate real estate appraisals of all types of residential property of one to four units without regard to transaction value or complexity and nonresidential property having a transaction value as specified in rules adopted by the director. A state-certified residential real estate appraiser may designate or identify an appraisal rendered by him or her as a "certified appraisal."

((~~(24)~~)) (25) "State-licensed real estate appraiser" means a person licensed by the director to develop and communicate real estate appraisals of noncomplex one to four residential units and complex one to four residential units and nonresidential property having transaction values as specified in rules adopted by the director.

((~~(25)~~)) (26) "State-registered appraiser trainee," "trainee," or "trainee real estate appraiser" means a person registered by the director under RCW 18.140.280 to develop and communicate real estate

appraisals under the immediate and personal direction of a state-certified real estate appraiser. Appraisals are limited to those types of properties that the supervisory appraiser is permitted by their current credential, and that the supervisory appraiser is competent and qualified to appraise. By signing the appraisal report, or being identified in the certification or addenda as having lent significant professional assistance, the state-registered appraiser trainee accepts total and complete individual responsibility for all content, analyses, and conclusions in the report.

((~~(26)~~)) (27) "Supervisory appraiser" means a person holding a currently valid certificate issued by the director as a state-certified real estate appraiser providing direct supervision to another state-certified, state-licensed, or state-registered appraiser trainee. The supervisory appraiser must be in good standing in each jurisdiction that he or she is credentialed. The supervisory appraiser must sign all appraisal reports. By signing the appraisal report, the supervisory appraiser accepts full responsibility for all content, analyses, and conclusions in the report.

NEW SECTION. **Sec. 4.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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