

**SENATE BILL REPORT**

**SHB 2430**

**AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, FEBRUARY 28, 1992**

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

**SPONSORS:** House Committee on Commerce & Labor (originally sponsored by Representatives O'Brien and May)

**HOUSE COMMITTEE ON COMMERCE & LABOR**

**SENATE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Do pass.

Signed by Senators Matson, Chairman; Bluechel, McMullen, Moore, Murray, and Skratek.

**Staff:** Catherine Mele (786-7457)

**Hearing Dates:** February 28, 1992

**BACKGROUND:**

In 1988, the Department of Licensing performed a sunset review of the real estate appraisal industry. The department recommended that there be no certification or licensing requirements for real estate appraisers. However, the department further recommended that if the federal law were to require state certification of appraisers, the Legislature should provide a minimal level of certification to meet federal standards.

In 1988, the federal Office of Management and Budget issued a directive to federal agencies to require state certified appraisals for certain 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.

The Washington State Certified Real Estate Appraiser Act prohibits a person from using the terms "certified appraisal" or "state certified real estate appraiser" unless he or she is certified by the state. Currently, there are two classes of certification. A certified residential real estate appraiser may give appraisals of residential real property of one to four units. A certified general real estate appraiser may appraise all types of real property.

The federal agency responsible for monitoring state compliance with federal law has strongly encouraged Washington to make certain changes to Washington's Real Estate Appraiser Act. These changes include: adding a third level of certification, allowing temporary practice by qualified out-of-state

appraisers, and changing the statutory language to parallel federal classifications.

**SUMMARY:**

There are three levels of real estate appraiser certification: (1) a state-certified general real estate appraiser may give certified appraisals of all types of property; (2) a state-certified residential real estate appraiser may give certified appraisals of residential property of one to four units without regard to transaction value or complexity, and nonresidential property with a transaction value of less than \$250,000; and (3) a state licensed real estate appraiser may give licensed appraisals of noncomplex property of one to four residential units with a transaction value of less than \$1 million; complex property of one to four residential units less than \$250,000 in value; and nonresidential property with a value of less than \$250,000.

The director is authorized to establish and appoint the members for the real estate appraiser advisory committee to advise the director.

A person certified or licensed by another state may receive temporary licensing or certification in Washington for 60 days by paying a fee and filing a notarized application with the department.

The disciplinary powers of the department are expanded. The language in the statute is made consistent with federal regulations.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested February 27, 1992

**TESTIMONY FOR:**

The bill is needed to place Washington in compliance with the federal law. Compliance is needed so that Washington appraisers can give appraisals on transactions linked to federal dollars. The bill creates consistency in all state laws regarding appraisers and develops professional ethical standards for real estate appraisers in Washington.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Michael Lamb, American Society of Appraisers; Cleotis Borner, Dept. of Licensing; Ben Gassaway, Appraisal Advisory Committee; John Woodring, WA Assn. of Realtors