

CERTIFICATION OF ENROLLMENT  
SUBSTITUTE SENATE BILL 5676

Chapter 399, Laws of 1997

55th Legislature  
1997 Regular Session

REAL ESTATE APPRAISERS--BROKER'S PRICE OPINIONS

EFFECTIVE DATE: 7/1/97

Passed by the Senate April 22, 1997  
YEAS 44 NAYS 0

BRAD OWEN

\_\_\_\_\_  
President of the Senate

Passed by the House April 9, 1997  
YEAS 93 NAYS 4

CLYDE BALLARD

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Speaker of the  
House of Representatives

Approved May 16, 1997

GARY LOCKE

\_\_\_\_\_  
Governor of the State of Washington

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5676** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

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Secretary

FILED

May 16, 1997 - 3:25 p.m.

Secretary of State  
State of Washington

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**SUBSTITUTE SENATE BILL 5676**

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AS AMENDED BY THE HOUSE

Passed Legislature - 1997 Regular Session

**State of Washington                      55th Legislature                      1997 Regular Session**

**By** Senate Committee on Commerce & Labor (originally sponsored by  
Senators Newhouse, Schow and Anderson)

Read first time 02/27/97.

1            AN ACT Relating to real estate appraisers; amending RCW 18.140.010  
2 and 18.140.020; providing an effective date; and declaring an  
3 emergency.

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

5            **Sec. 1.** RCW 18.140.010 and 1996 c 182 s 2 are each amended to read  
6 as follows:

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

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

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

16            (3) "Appraisal assignment" means an engagement for which an  
17 appraiser is employed or retained to act, or would be perceived by  
18 third parties or the public as acting, as a disinterested third party  
19 in rendering an unbiased analysis, opinion, or conclusion relating to

1 the value of specified interests in, or aspects of, identified real  
2 estate. The term "appraisal assignment" may apply to valuation work  
3 and analysis work.

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

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

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

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

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

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

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

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

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

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

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

37 (15) "Federally related transaction" means any real estate-related  
38 financial transaction that the federal financial institutions  
39 regulatory agency or the resolution trust corporation engages in,

1 contracts for, or regulates; and that requires the services of an  
2 appraiser.

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

8 ~~((16))~~ (17) "Licensed appraisal" means an appraisal prepared or  
9 signed by a state-licensed real estate appraiser. A licensed appraisal  
10 represents to the public that it meets the appraisal standards defined  
11 in this chapter.

12 ~~((17))~~ (18) "Mortgage broker" for the purpose of this chapter  
13 means a mortgage broker licensed under chapter 19.146 RCW, any mortgage  
14 broker approved and subject to audit by the federal national mortgage  
15 association, the government national mortgage association, or the  
16 federal home loan mortgage corporation as provided in RCW 19.146.020,  
17 any mortgage broker approved by the United States secretary of housing  
18 and urban development for participation in any mortgage insurance under  
19 the national housing act, 12 U.S.C. Sec. 1201, and the affiliates,  
20 subsidiaries, and service corporations thereof.

21 ~~((18))~~ (19) "Real estate" means an identified parcel or tract of  
22 land, including improvements, if any.

23 ~~((19))~~ (20) "Real estate-related financial transaction" means any  
24 transaction involving:

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

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

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

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

33 ~~((20))~~ (22) "Review" means the act or process of critically  
34 studying an appraisal report prepared by another.

35 ~~((21))~~ (23) "Specialized appraisal services" means all appraisal  
36 services which do not fall within the definition of appraisal  
37 assignment. The term "specialized appraisal service" may apply to  
38 valuation work and to analysis work. Regardless of the intention of  
39 the client or employer, if the appraiser would be perceived by third

1 parties or the public as acting as a disinterested third party in  
2 rendering an unbiased analysis, opinion, or conclusion, the work is  
3 classified as an appraisal assignment and not a specialized appraisal  
4 service.

5 ~~((22))~~ (24) "State-certified general real estate appraiser" means  
6 a person certified by the director to develop and communicate real  
7 estate appraisals of all types of property. A state-certified general  
8 real estate appraiser may designate or identify an appraisal rendered  
9 by him or her as a "certified appraisal."

10 ~~((23))~~ (25) "State-certified residential real estate appraiser"  
11 means a person certified by the director to develop and communicate  
12 real estate appraisals of all types of residential property of one to  
13 four units without regard to transaction value or complexity and  
14 nonresidential property having a transaction value as specified in  
15 rules adopted by the director. A state certified residential real  
16 estate appraiser may designate or identify an appraisal rendered by him  
17 or her as a "certified appraisal."

18 ~~((24))~~ (26) "State-licensed real estate appraiser" means a person  
19 licensed by the director to develop and communicate real estate  
20 appraisals of noncomplex one to four residential units and complex one  
21 to four residential units and nonresidential property having  
22 transaction values as specified in rules adopted by the director.

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

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

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

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

37 (4) This section does not preclude a staff employee of a  
38 governmental entity from performing an appraisal or an appraisal

1 assignment within the scope of his or her employment insofar as the  
2 performance of official duties for the governmental entity are  
3 concerned. Such an activity for the benefit of the governmental entity  
4 is exempt from the requirements of this chapter.

5 (5) This ~~((section))~~ chapter does not preclude an individual person  
6 licensed by the state of Washington as a real estate broker or as a  
7 real estate salesperson ~~((and who performs))~~ from issuing a brokers  
8 price opinion ((as a service to a prospective seller, buyer, lessor, or  
9 lessee as the only intended user, and not for dissemination to a third  
10 party, within the scope of his or her employment or agency. Such an  
11 activity for the sole benefit of the prospective seller, buyer, lessor,  
12 or lessee is exempt from the requirements of this chapter)). However,  
13 if the brokers price opinion is written, or given as evidence in any  
14 legal proceeding, and is issued to a person who is not a prospective  
15 seller, buyer, lessor, or lessee as the only intended user, then the  
16 brokers price opinion shall contain a statement, in an obvious location  
17 within the written document or specifically and affirmatively in spoken  
18 testimony, that substantially states: "This brokers price opinion is  
19 not an appraisal as defined in chapter 18.140 RCW and has been prepared  
20 by a real estate licensee, licensed under chapter 18.85 RCW, who  
21 . . . . (is/is not) also state certified or state licensed as a real  
22 estate appraiser under chapter 18.140 RCW." However, the brokers price  
23 opinion issued under this subsection may not be used as an appraisal in  
24 conjunction with a federally related transaction.

25 (6) This section does not apply to an appraisal or an appraisal  
26 review performed for a financial institution or mortgage broker ~~((~~  
27 ~~whether conducted))~~ by an employee ~~((or third party))~~, when such  
28 appraisal or appraisal review is not required to be performed by a  
29 state-certified or state-licensed real estate appraiser by the  
30 appropriate federal financial institutions regulatory agency.

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

35 NEW SECTION. Sec. 3. This act is necessary for the immediate  
36 preservation of the public peace, health, or safety, or support of the  
37 state government and its existing public institutions, and takes effect  
38 July 1, 1997.

Passed the Senate April 22, 1997.  
Passed the House April 9, 1997.  
Approved by the Governor May 16, 1997.  
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