

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5924**

Chapter 249, Laws of 2000

56th Legislature  
2000 Regular Session

REAL ESTATE APPRAISERS

EFFECTIVE DATE: 6/8/00

Passed by the Senate March 7, 2000  
YEAS 45 NAYS 1

BRAD OWEN  
**President of the Senate**

Passed by the House March 2, 2000  
YEAS 67 NAYS 30

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

FRANK CHOPP  
**Speaker of the  
House of Representatives**

Approved March 31, 2000

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5924** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK  
**Secretary**

FILED

March 31, 2000 - 3:50 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5924**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2000 Regular Session

**State of Washington                      56th Legislature                      2000 Regular Session**

**By** Senate Committee on Commerce, Trade, Housing & Financial  
Institutions (originally sponsored by Senators Jacobsen, Honeyford and  
Gardner)

Read first time 02/04/2000.

1            AN ACT Relating to real estate appraisers; amending RCW 18.140.010  
2 and 18.140.030; and adding new sections to chapter 18.140 RCW.

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

4            **Sec. 1.** RCW 18.140.010 and 1997 c 399 s 1 are each amended to read  
5 as follows:

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

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

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

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

1 estate. The term "appraisal assignment" may apply to valuation work  
2 and analysis work.

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

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

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

12 (7) (~~"Committee"~~) "Commission" means the real estate appraiser  
13 (~~(advisory committee)~~) commission of the state of Washington.

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

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

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

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

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

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

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

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

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

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

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

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

21 (20) "Real estate-related financial transaction" means any  
22 transaction involving:

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

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

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

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

31 (22) "Review" means the act or process of critically studying an  
32 appraisal report prepared by another.

33 (23) "Specialized appraisal services" means all appraisal services  
34 which do not fall within the definition of appraisal assignment. The  
35 term "specialized appraisal service" may apply to valuation work and to  
36 analysis work. Regardless of the intention of the client or employer,  
37 if the appraiser would be perceived by third parties or the public as  
38 acting as a disinterested third party in rendering an unbiased

1 analysis, opinion, or conclusion, the work is classified as an  
2 appraisal assignment and not a specialized appraisal service.

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

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

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

21 **Sec. 2.** RCW 18.140.030 and 1996 c 182 s 4 are each amended to read  
22 as follows:

23 The director shall have the following powers and duties:

24 (1) To adopt rules in accordance with chapter 34.05 RCW necessary  
25 to implement this chapter, with the advice and approval of the  
26 commission;

27 (2) To receive and approve or deny applications for certification  
28 or licensure as a state-certified or state-licensed real estate  
29 appraiser under this chapter; to establish appropriate administrative  
30 procedures for the processing of such applications; to issue  
31 certificates or licenses to qualified applicants pursuant to the  
32 provisions of this chapter; and to maintain a register of the names and  
33 addresses of individuals who are currently certified or licensed under  
34 this chapter;

35 (3) To ~~((establish,))~~ provide administrative assistance~~((, and~~  
36 ~~appoint))~~ to the members of and to keep records for the real estate  
37 appraiser ~~((advisory committee to enable the committee to act in an~~  
38 ~~advisory capacity to the director))~~ commission;

- 1 (4) To solicit bids and enter into contracts with educational  
2 testing services or organizations for the preparation of questions and  
3 answers for certification or licensure examinations;
- 4 (5) To administer or contract for administration of certification  
5 or licensure examinations at locations and times as may be required to  
6 carry out the responsibilities under this chapter;
- 7 (6) To enter into contracts for professional services determined to  
8 be necessary for adequate enforcement of this chapter;
- 9 (7) To consider recommendations by the real estate appraiser  
10 (~~advisory committee~~) commission relating to the experience,  
11 education, and examination requirements for each classification of  
12 state-certified appraiser and for licensure;
- 13 (8) To (~~impose~~) consider recommendations by the real estate  
14 appraiser commission relating to continuing education requirements as  
15 a prerequisite to renewal of certification or licensure;
- 16 (9) To consider recommendations by the real estate appraiser  
17 (~~advisory committee~~) commission relating to standards of professional  
18 appraisal conduct or practice in the enforcement of this chapter;
- 19 (10) To investigate all complaints or reports of unprofessional  
20 conduct as defined in this chapter and to hold hearings as provided in  
21 this chapter;
- 22 (11) To establish appropriate administrative procedures for  
23 disciplinary proceedings conducted pursuant to the provisions of this  
24 chapter;
- 25 (12) To compel the attendance of witnesses and production of books,  
26 documents, records, and other papers; to administer oaths; and to take  
27 testimony and receive evidence concerning all matters within their  
28 jurisdiction. These powers may be exercised directly by the director  
29 or the director's authorized representatives acting by authority of  
30 law;
- 31 (13) To take emergency action ordering summary suspension of a  
32 license or certification pending proceedings by the director;
- 33 (14) To employ such professional, clerical, and technical  
34 assistance as may be necessary to properly administer the work of the  
35 director;
- 36 (15) To establish forms necessary to administer this chapter;
- 37 (~~To adopt standards of professional conduct or practice;~~  
38 ~~(17)~~) To establish an expert review appraiser roster comprised of  
39 state-certified or licensed real estate appraisers whose purpose is to

1 assist the director by applying their individual expertise by reviewing  
2 real estate appraisals for compliance with this chapter.  
3 Qualifications to act as an expert review appraiser shall be  
4 established by the director with the advice of the ((committee))  
5 commission. An application to serve as an expert review appraiser  
6 shall be submitted to the real estate appraiser program, and the roster  
7 of accepted expert review appraisers shall be maintained by the  
8 department. An expert review appraiser may be added to or deleted from  
9 that roster by the director. The expert review appraiser shall be  
10 reimbursed for expenses in the same manner as the department reimburses  
11 the ((committee)) commission; and

12 ((+18+)) (17) To do all other things necessary to carry out the  
13 provisions of this chapter and minimally meet the requirements of  
14 federal guidelines regarding state certification or licensure of  
15 appraisers that the director determines are appropriate for state-  
16 certified and state-licensed appraisers in this state.

17 NEW SECTION. **Sec. 3.** There is established the real estate  
18 appraiser commission of the state of Washington, consisting of seven  
19 members who shall act to give advice to the director.

20 (1) The seven commission members shall be appointed by the governor  
21 in the following manner: For a term of six years each, with the  
22 exception of the first appointees who shall be the incumbent members of  
23 the predecessor real estate appraiser advisory committee to serve for  
24 the duration of their current terms, with all other subsequent  
25 appointees to be appointed for a six-year term.

26 (2) At least two of the commission members shall be selected from  
27 the area of the state east of the Cascade mountain range and at least  
28 two of the commission members shall be selected from the area of the  
29 state west of the Cascade mountain range. At least two members of the  
30 commission shall be certified general real estate appraisers, at least  
31 two members of the commission shall be certified residential real  
32 estate appraisers, and at least one member of the commission shall be  
33 a licensed real estate appraiser, all pursuant to this chapter. No  
34 certified or licensed appraiser commission member shall be appointed  
35 who has not been certified and/or licensed pursuant to this chapter for  
36 less than ten years, except that this experience duration shall be not  
37 less than five years only for any commission member taking office  
38 before January 1, 2003. One member shall be an employee of a financial

1 institution as defined in this chapter whose duties are concerned with  
2 real estate appraisal management and policy. One member shall be an  
3 individual engaged in mass appraisal whose duties are concerned with ad  
4 valorem appraisal management and policy and who is licensed or  
5 certified under this chapter. One member may be a member of the  
6 general public.

7 (3) The members of the commission annually shall elect their  
8 chairperson and vice-chairperson to serve for a term of one calendar  
9 year. A majority of the members of said commission shall at all times  
10 constitute a quorum.

11 (4) Any vacancy on the commission shall be filled by appointment by  
12 the governor for the unexpired term.

13 NEW SECTION. **Sec. 4.** The members of the real estate appraiser  
14 commission and its individual members shall have the following duties  
15 and responsibilities:

16 (1) To meet at the call of the director or upon its own initiative  
17 at the call of its chair or a majority of its members;

18 (2) To adopt a mission statement, and to serve as a liaison between  
19 appraisal practitioners, the public, and the department; and

20 (3) To study and recommend changes to this chapter to the director  
21 or to the legislature.

22 NEW SECTION. **Sec. 5.** The commission members shall be compensated  
23 in accordance with RCW 43.03.240, plus travel expenses in accordance  
24 with RCW 43.03.050 and 43.03.060 when they are in session by their call  
25 or by the director, or when otherwise engaged in the business of the  
26 commission.

27 NEW SECTION. **Sec. 6.** Sections 3 through 5 of this act are each  
28 added to chapter 18.140 RCW.

Passed the Senate March 7, 2000.

Passed the House March 2, 2000.

Approved by the Governor March 31, 2000.

Filed in Office of Secretary of State March 31, 2000.