

SENATE BILL REPORT

2SHB 1897

As Reported By Senate Committee On:
Commerce & Trade, February 26, 2004

Title: An act relating to real estate appraisers.

Brief Description: Establishing a trainee real estate appraiser classification.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Kenney, Chandler, Conway and Condotta).

Brief History:

Committee Activity: Commerce & Trade: 2/26/04 [DP].

SENATE COMMITTEE ON COMMERCE & TRADE

Majority Report: Do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin, Keiser and Mulliken.

Staff: John Dziedzic (786-7784)

Background: A person must be certified or licensed by the Department of Licensing (DOL) to receive compensation for a real estate appraisal or an appraisal review. There are three classifications of appraisers:

Certified general real estate appraisers are authorized to develop appraisals regardless of type, value or complexity credential. Candidates for this certification must complete 180 hours of education and 3,000 hours of experience within 30 months, with 1,500 of the hours in non-residential property.

Certified residential real estate appraisers are authorized to develop appraisals of residential property of one to four units regardless of value or complexity, and non-residential properties valued up to \$250,000. Candidates for this certification must complete 120 hours of education and 2,500 hours of experience within two years.

Licensed real estate appraisers are authorized to appraise real property consisting of up to four single-family residences; non-complex properties valued at up to \$1 million; complex or atypical properties valued at up to \$250,000; and non-residential properties valued up to \$250,000. Candidates for this license must complete 90 hours of education and 2,000 hours of experience within two years.

Only a certified appraiser may designate an appraisal as a "certified" appraisal.

During the training period required for any of the above-described credentials, a trainee does not need to have attained any educational standard or be registered with the DOL. Licensed or certified appraisers may employ trainees. In order for the trainee to receive credit toward the experience requirements, the trainee's name must appear on the appraisal.

Summary of Bill: A new classification, "registered appraiser trainee," is created within the existing appraiser regulatory system. Registered trainees may be compensated by one or more supervising appraisers.

A trainee may register for a term of up to two years. The registration may be renewed no more than two times, but must be completed within seven years, unless the period is interrupted by service in the armed forces.

A certified appraiser in good standing may supervise a trainee within the scope of the credential held by the supervising appraiser. Both the trainee and the supervisory appraiser must sign and accept responsibility for the content, analyses and conclusion of a report prepared by the trainee under the supervision of the supervising appraiser.

The Director of DOL must consider the recommendations of the Real Estate Appraiser Commission in determining (a) the educational requirements for appraiser trainees, and (b) the maximum number of appraiser trainees that a supervisory appraiser may supervise.

An appraiser may be disciplined for being associated as a supervisory appraiser, independent contractor, or employer of a certified, licensed or registered appraiser whose certificate, license, or registration has been suspended or revoked. A provision is deleted that subjects an appraiser to discipline for being associated as an employee, etc., of an appraiser whose certificate or license has been suspended or revoked.

The Real Estate Appraiser Commission account is added to the accounts in the state treasury for which interest earned on investment of surplus balances is not credited to the general fund.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Sections 1, 2, 4, 5, 7, 9, 13 and 19, which relate to the establishment of trainee registration program, take effect on July 1, 2004.

Sections 3, 6, 8, 10, 11, 12, 14-18 and 20, which regulate appraiser trainees, take effect on April 1, 2005.

Section 21, which relates to the characterization of accounts in the state treasury, takes effect 90 days after adjournment of the session in which the bill is passed, and expires July 1, 2005.

Section 22, which also relates to the characterization of accounts in the state treasury, takes effect on July 1, 2005.

Testimony For: The registration program for trainee appraisers protects the public, the profession, clients and trainees. It is the result of lots of hard work among many stakeholder groups. Many of the objections raised by opponents relate to existing law, not the proposed trainee program.

Testimony Against: Government employees, attorneys and accountants should not be exempt. The advisory committee's recommendations should have greater weight than being just "considered" by the department. In the section dealing with discipline, the term "affiliated" is ambiguous. The department's current disciplinary procedures need

improvement. New registration program for trainees is unnecessary, and will increase cost to trainees.

Testified: PRO: Representative Phyllis Kenney, prime sponsor; T. K. Bentler, Sheridan Shaffer, Appraiser Coalition of WA; William King, Jim Irish, ACW & Appraisal Institute; Alan Still, Lamb-Hansen-Lamb Appraisers; Marcos Campos, Campos Appraisals Inc.; Syd Beckett, Dept. of Licensing. CON: George Nervik, Dewitt M. Sherwood, John Murphy, Jim Munro, Appraiser Licensing Reform; Jason Pustek.