

HOUSE BILL REPORT

HB 1196

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to licensing real estate appraisers by reciprocity, fingerprint-based background checks for real estate appraiser applicants, and creating an inactive status for real estate appraisers.

Brief Description: Concerning requirements for real estate appraisers.

Sponsors: Representatives G. Hunt and Kirby.

Brief History:

Committee Activity:

Business & Financial Services: 1/20/15, 1/21/15 [DP].

Brief Summary of Bill

- Requires applicants for real-estate-appraiser credentialing to submit to a fingerprint-based background check.
- Amends reciprocity provisions for real estate appraisers.
- Creates inactive status.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: Do pass. Signed by 11 members: Representatives Kirby, Chair; Ryu, Vice Chair; Vick, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Blake, G. Hunt, Hurst, Kochmar, McCabe, Santos and Stanford.

Staff: David Rubenstein (786-7153).

Background:

Appraiser Credentialing.

Real estate appraisers evaluate the value of real property. The Department of Licensing (DOL), in accordance with the Washington Certified Real Estate Appraiser Act (Act),

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certifies and licenses real estate appraisers. The 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.

The law authorizes four types of credentials issued to real estate appraisers, from highest-to-lowest credentialing requirements:

- state-licensed real estate appraiser;
- state-certified residential real estate appraiser;
- state-certified general real estate appraiser; and
- state-registered appraiser trainee.

Each level of licensing and certification authorizes appraisal work at a different level of property value, while the registered trainees may only work under the direct supervision of certified appraisers.

Applicants for certification or licensure already certified or licensed in good standing in another state may be certified or licensed in Washington without taking the examination that would ordinarily be required of new applicants. In order to qualify for this waiver, the applicant's home state must have requirements that are "substantially similar" to Washington's and must have a reciprocal agreement with Washington providing similar treatment for Washington appraisers.

All fees and penalties collected by the DOL related to the real estate appraiser program are deposited into the Real Estate Appraiser Commission Account, which is used for all expenses associated with the program.

Federal Monitoring.

Under the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, enacted in response to the "savings and loan crisis" of the late 1980s, the United States Congress created the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council. The stated purpose of the ASC is to ensure that real estate appraisals "are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision." To carry out this goal, the ASC is tasked with monitoring state regulation of real estate appraisers, along with other duties.

Summary of Bill:

Background Checks.

All applicants for registration as a trainee, and all applicants wishing to change his or her level of certification, must submit to a fingerprint-based background check conducted by the Federal Bureau of Investigation and the Washington State Patrol. The DOL may also require

any existing credential holder to submit to a background check. Any fees must be borne by the applicant and the DOL must establish background check procedures by rule.

Reciprocity.

The provision requiring substantially similar credentialing requirements and a reciprocity agreement is struck. Instead, the reciprocity applicant must be credentialed in a state that complies with the ASC regulations and that has credentialing requirements meeting or exceeding Washington's licensure standards.

Inactive Status.

Real estate appraisers (but not registered trainees) may place their certification or license on inactive status, according to rules to be established by the DOL. The maximum period of the inactive status must be established by the DOL. Failure to renew an inactive credential or to reactivate after the period designed by the DOL results in cancellation of the credential.

The DOL is also required to establish inactive renewal fees and procedures for reactivating credentials and is empowered to take disciplinary action against credential holders who act as appraisers while on inactive status.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 5 which takes effect January 1, 2017.

Staff Summary of Public Testimony:

(In support) This is a fantastic bill that has come before the committee in the past in two separate bills. Both bills passed easily through hearings last year. It is important that Washington's law be on par with other states and with federal regulations and that Washington maintain its top rating in the ASC audits.

(Opposed) None.

Persons Testifying: Representative G. Hunt, prime sponsor; Stan Sidor, Appraisers Coalition of Washington; and Tony Sermonti, Department of Licensing.

Persons Signed In To Testify But Not Testifying: None.