

---

**Business & Financial Services Committee**

---

**SSB 5597**

**Brief Description:** Concerning the licensing of real estate appraisers.

**Sponsors:** Senate Committee on Commerce & Labor (originally sponsored by Senator Roach).

**Brief Summary of Substitute Bill**

- Amends reciprocity provisions for real estate appraisers to remove the requirement that the applicant be credentialed under substantially similar licensing regulations in another state.
- Adds a reciprocity requirement that the applicant be credentialed in a state complying with federal regulations and whose licensing requirements meet or exceed Washington's requirements.
- Eliminates a reference to a federal agency that no longer exists.

**Hearing Date:** 2/23/16

**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), 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

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

- 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 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 (FIRREA), enacted in response to the "savings and loan crisis" of the late 1980s, 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.

#### The Office of Thrift Supervision.

Also created as part of the FIRREA, the Office of Thrift Supervision (OTS) was a federal agency charged with chartering and regulating savings banks and savings and loans associations. After the collapse of several organizations supervised by OTS in the 2008 financial crisis, the agency was eliminated as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act and its responsibilities distributed to other federal agencies.

#### **Summary of Bill:**

##### 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 ASC regulations as they existed on the effective date of the act or as updated by DOL and that has credentialing requirements meeting or exceeding Washington's licensure standards.

##### Definitions.

A reference to the Office of Thrift Supervision is removed from the definition of "federal financial institutions regulatory agency."

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.