
SENATE BILL 5597

State of Washington

64th Legislature

2015 Regular Session

By Senator Roach

Read first time 01/26/15. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to licensing real estate appraisers by
2 reciprocity, fingerprint-based background checks for real estate
3 appraiser applicants, and creating an inactive status for real estate
4 appraisers; amending RCW 18.140.010, 18.140.060, 18.140.120, and
5 18.140.160; and adding new sections to chapter 18.140 RCW.

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

7 **Sec. 1.** RCW 18.140.010 and 2005 c 339 s 2 are each amended to
8 read as follows:

9 The definitions in this section apply throughout this chapter
10 unless the context clearly requires otherwise.

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

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

19 (3) "Appraisal assignment" means an engagement for which an
20 appraiser is employed or retained to act, or would be perceived by
21 third parties or the public as acting, as a disinterested third party

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

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

8 (5) "Client" means any party for whom an appraiser performs a
9 service.

10 (6) "Commission" means the real estate appraiser commission of
11 the state of Washington.

12 (7) "Comparative market analysis" means a brokers price opinion.

13 (8) "Department" means the department of licensing.

14 (9) "Director" means the director of the department of licensing.

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

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

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

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

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

38 (15) "Financial institution" means any person doing business
39 under the laws of this state or the United States relating to banks,
40 bank holding companies, savings banks, trust companies, savings and

1 loan associations, credit unions, consumer loan companies, and the
2 affiliates, subsidiaries, and service corporations thereof.

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

12 (17) "Real estate" means an identified parcel or tract of land,
13 including improvements, if any.

14 (18) "Real estate-related financial transaction" means any
15 transaction involving:

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

18 (b) The refinancing of real property or interests in real
19 property; and

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

22 (19) "Real property" means one or more defined interests,
23 benefits, or rights inherent in the ownership of real estate.

24 (20) "Review" means the act or process of critically studying an
25 appraisal report prepared by another.

26 (21) "Specialized appraisal services" means all appraisal
27 services that do not fall within the definition of appraisal
28 assignment. The term "specialized appraisal service" may apply to
29 valuation work and to analysis work. Regardless of the intention of
30 the client or employer, if the appraiser would be perceived by third
31 parties or the public as acting as a disinterested third party in
32 rendering an unbiased analysis, opinion, or conclusion, the work is
33 classified as an appraisal assignment and not a specialized appraisal
34 service.

35 (22) "State-certified general real estate appraiser" means a
36 person certified by the director to develop and communicate real
37 estate appraisals of all types of property. A state-certified general
38 real estate appraiser may designate or identify an appraisal rendered
39 by him or her as a "certified appraisal."

1 (23) "State-certified residential real estate appraiser" means a
2 person certified by the director to develop and communicate real
3 estate appraisals of all types of residential property of one to four
4 units without regard to transaction value or complexity and
5 nonresidential property having a transaction value as specified in
6 rules adopted by the director. A state-certified residential real
7 estate appraiser may designate or identify an appraisal rendered by
8 him or her as a "certified appraisal."

9 (24) "State-licensed real estate appraiser" means a person
10 licensed by the director to develop and communicate real estate
11 appraisals of noncomplex one to four residential units and complex
12 one to four residential units and nonresidential property having
13 transaction values as specified in rules adopted by the director.

14 (25) "State-registered appraiser trainee," "trainee," or "trainee
15 real estate appraiser" means a person registered by the director
16 under RCW 18.140.280 to develop and communicate real estate
17 appraisals under the immediate and personal direction of a state-
18 certified real estate appraiser. Appraisals are limited to those
19 types of properties that the supervisory appraiser is permitted by
20 their current credential, and that the supervisory appraiser is
21 competent and qualified to appraise. By signing the appraisal report,
22 or being identified in the certification or addenda as having lent
23 significant professional assistance, the state-registered appraiser
24 trainee accepts total and complete individual responsibility for all
25 content, analyses, and conclusions in the report.

26 (26) "Supervisory appraiser" means a person holding a currently
27 valid certificate issued by the director as a state-certified real
28 estate appraiser providing direct supervision to another state-
29 certified, state-licensed, or state-registered appraiser trainee. The
30 supervisory appraiser must be in good standing in each jurisdiction
31 that he or she is credentialed. The supervisory appraiser must sign
32 all appraisal reports. By signing the appraisal report, the
33 supervisory appraiser accepts full responsibility for all content,
34 analyses, and conclusions in the report.

35 **Sec. 2.** RCW 18.140.060 and 2005 c 339 s 5 are each amended to
36 read as follows:

37 (1) Applications for examinations, original certification,
38 licensure, or registration, and renewal certification, licensure, or
39 registration shall be made in writing to the department on forms

1 approved by the director. Applications for original and renewal
2 certification, licensure, or registration shall include a statement
3 confirming that the applicant shall comply with applicable rules and
4 regulations and that the applicant understands the penalties for
5 misconduct.

6 (2) The appropriate fees shall accompany all applications for
7 examination, reexamination, original certification, licensure, or
8 registration, and renewal certification, licensure, or registration.

9 (3) Each applicant for registration as a state-registered
10 appraiser trainee and each applicant seeking to change the level of
11 his or her credential must submit to a background investigation under
12 section 5 of this act.

13 (4) Qualified applicants for licensure or certification from
14 another jurisdiction not requiring trainee registration shall submit
15 to a background investigation under section 5 of this act.

16 (5) At the discretion of the director, existing credential
17 holders may by rule be required to submit to background
18 investigations under section 5 of this act.

19 **Sec. 3.** RCW 18.140.120 and 2005 c 339 s 9 are each amended to
20 read as follows:

21 An applicant for certification or licensure who is currently
22 certified or licensed and in good standing under the laws of another
23 state may obtain a certificate or license as a Washington state-
24 certified or state-licensed real estate appraiser without being
25 required to satisfy the examination requirements of this chapter
26 if((+)) the director determines that ((the certification or licensure
27 requirements are substantially similar to those found in Washington
28 state; and that the other state has a written reciprocal agreement to
29 provide similar treatment to holders of Washington state certificates
30 and/or licenses)): The appraiser licensing and certification program
31 of the other state is in compliance with 12 U.S.C. Secs. 3331-3355,
32 as existed on the effective date of this section, or such subsequent
33 date as the director may provide by rule, consistent with the
34 purposes of this section; and the other state's requirements for
35 certification or licensing meet or exceed the licensure standards
36 established in this chapter.

37 **Sec. 4.** RCW 18.140.160 and 2007 c 256 s 1 are each amended to
38 read as follows:

1 In addition to the unprofessional conduct described in RCW
2 18.235.130, the director may take disciplinary action for the
3 following conduct, acts, or conditions:

4 (1) Failing to meet the minimum qualifications for state
5 certification, licensure, or registration established by or pursuant
6 to this chapter;

7 (2) Paying money other than the fees provided for by this chapter
8 to any employee of the director or the commission to procure state
9 certification, licensure, or registration under this chapter;

10 (3) Continuing to act as a state-certified real estate appraiser,
11 state-licensed real estate appraiser, or state-registered appraiser
12 trainee when his or her certificate, license, or registration is on
13 an expired or inactive status;

14 (4) Violating any provision of this chapter or any lawful rule
15 made by the director pursuant thereto;

16 (5) Issuing an appraisal report on any real property in which the
17 appraiser has an interest unless his or her interest is clearly
18 stated in the appraisal report;

19 (6) Being affiliated as an employer, independent contractor, or
20 supervisory appraiser of a state-certified real estate appraiser,
21 state-licensed real estate appraiser, or state-registered appraiser
22 trainee whose certification, license, or registration is currently in
23 a suspended or revoked status;

24 (7) Failure or refusal without good cause to exercise reasonable
25 diligence in performing an appraisal practice under this chapter,
26 including preparing an oral or written report to communicate
27 information concerning an appraisal practice; and

28 (8) Negligence or incompetence in performing an appraisal
29 practice under this chapter, including preparing an oral or written
30 report to communicate information concerning an appraisal practice.

31 NEW SECTION. **Sec. 5.** A new section is added to chapter 18.140
32 RCW to read as follows:

33 Effective January 1, 2017, background investigations under this
34 chapter consist of fingerprint-based background checks through the
35 Washington state patrol criminal identification system and through
36 the federal bureau of investigation. The applicant is required to pay
37 the current federal and state fees for fingerprint-based criminal
38 history background checks. The department shall determine the process
39 for submitting the fingerprints through rule.

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 18.140
2 RCW to read as follows:

3 (1) A holder of a valid certification or license may place his or
4 her certification or license on inactive status. The holder of an
5 inactive certification or license may not act as a state-certified or
6 state-licensed real estate appraiser in this state without first
7 activating the certification or license. The director shall establish
8 rules governing inactive certifications or licenses and their
9 maintenance, fees, and reactivation.

10 (2) Failure to renew an inactive certification, license, or
11 registration results in cancellation of the certification, license,
12 or registration.

13 (3) No holder of an inactive certification or license may
14 maintain his or her certification or license on inactive status for a
15 period longer than is established by the director by rule.

16 (4) The provisions relating to the denial, suspension, and
17 revocation of active certifications and licenses, and the discipline
18 of its holder, apply to inactive certifications and licenses and
19 their holders.

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