
SENATE BILL 6576

State of Washington

53rd Legislature

1994 Regular Session

By Senator Moore

Read first time 01/31/94. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to real estate appraisers; amending RCW 18.140.005,
2 18.140.010, 18.140.020, 18.140.030, 18.140.060, 18.140.110, 18.140.120,
3 18.140.140, 18.140.150, 18.140.155, 18.140.160, 18.140.170, and
4 18.140.180; adding a new section to chapter 50.04 RCW; adding new
5 sections to chapter 18.140 RCW; adding a new chapter to Title 60 RCW;
6 and providing an effective date.

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

8 **Sec. 1.** RCW 18.140.005 and 1993 c 30 s 1 are each amended to read
9 as follows:

10 (1) It is the intent of the legislature that only individuals who
11 meet and maintain minimum standards of competence and conduct ((may
12 provide)) established under this chapter and sections 14 through 17 of
13 this act for certified or licensed real estate appraisers may provide
14 real estate appraisal services to the public.

15 (2) It is the further intent of the legislature to provide for a
16 continuing supply of real estate appraisers by encouraging the proper
17 training of new entrants to the profession through the implementation
18 of the trainee real property appraiser classification according to this

1 set of appraiser qualification criteria as promulgated by the appraiser
2 qualifications board of the appraisal foundation.

3 **Sec. 2.** RCW 18.140.010 and 1993 c 30 s 2 are each amended to read
4 as follows:

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

7 (1) "Appraisal" or "real estate appraisal" means an analysis,
8 opinion, or conclusion relating to the nature, quality, value, or
9 utility of specified interests in, or aspects of, identified real
10 estate, for or in expectation of compensation. An appraisal may be
11 classified by subject matter into either a valuation or an analysis.
12 A "valuation" is an estimate of the value of real estate or real
13 property. An "analysis" is a study of real estate or real property
14 other than estimating value.

15 (2) "Appraisal report" means any communication, written or oral, of
16 an appraisal, except that all appraisal reports in federally related
17 transactions are required to be written reports.

18 (3) "Appraisal assignment" means an engagement for which an
19 appraiser is employed or retained to act, or would be perceived by
20 third parties or the public as acting, as a disinterested third party
21 in rendering an unbiased analysis, opinion, or conclusion relating to
22 the nature, quality, value, or utility of specified interests in, or
23 aspects of, identified real estate. The term "appraisal assignment"
24 may apply to valuation work and analysis work.

25 (4) "Certified appraisal" means an appraisal prepared or signed by
26 a state-certified real estate appraiser. A certified appraisal
27 represents to the public that it meets the appraisal standards defined
28 in this chapter.

29 (5) "Committee" means the real estate appraiser advisory committee
30 of the state of Washington.

31 (6) "Department" means the department of licensing.

32 (7) "Director" means the director of the department of licensing.

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

37 (9) "Real estate" means an identified parcel or tract of land,
38 including improvements, if any.

1 (10) "Real property" means one or more defined interests, benefits,
2 or rights inherent in the ownership of real estate.

3 (11) "Specialized appraisal services" means all appraisal services
4 which do not fall within the definition of appraisal assignment. The
5 term "specialized appraisal service" may apply to valuation work and to
6 analysis work. Regardless of the intention of the client or employer,
7 if the appraiser would be perceived by third parties or the public as
8 acting as a disinterested third party in rendering an unbiased
9 analysis, opinion, or conclusion, the work is classified as an
10 appraisal assignment and not a specialized appraisal service.

11 (12) "State-certified general real estate appraiser" means a person
12 certified by the director to develop and communicate real estate
13 appraisals of all types of property. A state-certified general real
14 estate appraiser may designate or identify an appraisal rendered by him
15 or her as a "certified appraisal."

16 (13) "State-certified residential real estate appraiser" means a
17 person certified by the director to develop and communicate real estate
18 appraisals of all types of residential property of one to four units
19 without regard to transaction value or complexity and nonresidential
20 property having a transaction value as specified in rules adopted by
21 the director. A state certified residential real estate appraiser may
22 designate or identify an appraisal rendered by him or her as a
23 "certified appraisal."

24 (14) "State-licensed real estate appraiser" means a person licensed
25 by the director to develop and communicate real estate appraisals of
26 noncomplex one to four residential units and complex one to four
27 residential units and nonresidential property having transaction values
28 as specified in rules adopted by the director.

29 (15) "Supervising appraiser" means either a state-certified
30 general real estate appraiser or a state-certified residential real
31 estate appraiser providing direct supervision to another appraiser
32 certified, licensed, or permitted under this chapter.

33 (16) "Trainee real property appraiser" means a person who is not
34 certified or licensed under this chapter but is permitted by the
35 director, prior to the commencement of such activity, to assist in the
36 development and communication of real estate appraisals for the purpose
37 of gaining experience consistent with the purpose of this chapter
38 concerning those types of properties that the supervising appraiser is
39 permitted to appraise.

1 **Sec. 3.** RCW 18.140.020 and 1993 c 30 s 3 are each amended to read
2 as follows:

3 (1) No person other than a state-certified or state-licensed real
4 estate appraiser may receive compensation of any form for a real estate
5 appraisal or an appraisal review.

6 (2) No person, other than a state-certified or state-licensed real
7 estate appraiser, may assume or use that title or any title,
8 designation, or abbreviation likely to create the impression of
9 certification or licensure as a real estate appraiser by this state.

10 (3) A person who is not certified or licensed under this chapter
11 shall not (~~describe or refer to~~) prepare any appraisal of real estate
12 located in this state (~~by the term "certified" or "licensed."~~).

13 (~~(2)~~) (4) This section does not preclude a person who is (~~not~~)
14 certified or licensed as a state-certified or state-licensed real
15 estate appraiser by another state or territory from appraising real
16 estate in this state for compensation(~~, except~~) in federally related
17 transactions requiring licensure or certification to perform appraisal
18 services according to 12 U.S.C. 3351(a) or RCW 18.140.155.

19 (5) No person, other than a person holding a currently valid permit
20 as a trainee real property appraiser issued by the director may assume
21 or use that title or any title, designation, or abbreviation likely to
22 create the impression of trainee status as a real estate appraiser by
23 this state.

24 (6) A person who is not permitted as a trainee real property
25 appraiser under this chapter shall not indicate participation in the
26 preparation of or prepare any appraisal of real estate located in this
27 state.

28 **Sec. 4.** RCW 18.140.030 and 1993 c 30 s 4 are each amended to read
29 as follows:

30 The director shall have the following powers and duties:

31 (1) To adopt rules in accordance with chapter 34.05 RCW necessary
32 to implement this chapter;

33 (2) To receive and approve or deny applications for certification
34 or licensure as a state-certified or state-licensed real estate
35 appraiser under this chapter; to establish appropriate administrative
36 procedures for the processing of such applications; to issue
37 certificates or licenses to qualified applicants pursuant to the
38 provisions of this chapter; and to maintain a register of the names and

1 addresses of individuals who are currently certified or licensed under
2 this chapter;

3 (3) To establish, provide administrative assistance, and appoint
4 the members for the real estate appraiser advisory committee to enable
5 the committee to act in an advisory capacity to the director;

6 (4) To solicit bids and enter into contracts with educational
7 testing services or organizations for the preparation of questions and
8 answers for certification or licensure examinations;

9 (5) To administer or contract for administration of certification
10 or licensure examinations at locations and times as may be required to
11 carry out the responsibilities under this chapter;

12 (6) To enter into contracts for professional services determined to
13 be necessary for adequate enforcement of this chapter;

14 (7) To consider recommendations by the real estate appraiser
15 advisory committee relating to the experience, education, and
16 examination requirements for each classification of state-certified
17 appraiser and for licensure;

18 (8) To impose continuing education requirements as a prerequisite
19 to renewal of certification or licensure;

20 (9) To consider recommendations by the real estate appraiser
21 advisory committee relating to standards of professional appraisal
22 practice in the enforcement of this chapter;

23 (10) To investigate all complaints or reports of unprofessional
24 conduct as defined in this chapter and to hold hearings as provided in
25 this chapter;

26 (11) To establish appropriate administrative procedures for
27 disciplinary proceedings conducted pursuant to the provisions of this
28 chapter;

29 (12) To compel the attendance of witnesses and production of books,
30 documents, records, and other papers; to administer oaths; and to take
31 testimony and receive evidence concerning all matters within their
32 jurisdiction. These powers may be exercised directly by the director
33 or the director's authorized representatives acting by authority of
34 law;

35 (13) To take emergency action ordering summary suspension of a
36 license or certification pending proceedings by the director;

37 (14) To employ such professional, clerical, and technical
38 assistance as may be necessary to properly administer the work of the
39 director;

- 1 (15) To establish forms necessary to administer this chapter;
- 2 (16) To adopt standards of professional conduct or practice;
- 3 (~~and~~)
- 4 (17) To do all other things necessary to carry out the provisions
- 5 of this chapter and minimally meet the requirements of federal
- 6 guidelines regarding state certification or licensure of appraisers
- 7 that the director determines are appropriate for state-certified and
- 8 state-licensed appraisers in this state; and
- 9 (18) To receive and approve or deny applications for permits as a
- 10 trainee real property appraiser under this chapter, to establish
- 11 appropriate administrative procedures for the processing of such
- 12 applications; to issue permits to qualified applicants pursuant to the
- 13 provisions of this chapter; and to maintain a register of the names and
- 14 addresses of individuals who currently hold valid permits under this
- 15 chapter.

16 **Sec. 5.** RCW 18.140.060 and 1993 c 30 s 6 are each amended to read

17 as follows:

18 (1) Applications for examinations, original certification (~~(or)~~),l

19 licensure, permitting, and renewal certification or licensure shall be

20 made in writing to the department on forms approved by the director.

21 Applications for original and renewal certification (~~(or)~~),l licensure,l

22 or a permit shall include a statement confirming that the applicant

23 shall comply with applicable rules and regulations and that the

24 applicant understands the penalties for misconduct.

25 (2) The appropriate fees shall accompany all applications for

26 examination, reexamination, original certification or licensure,

27 (~~and~~) renewal certification (~~(or)~~),l licensure, or permitting.

28 **Sec. 6.** RCW 18.140.110 and 1993 c 30 s 11 are each amended to read

29 as follows:

30 Every applicant for licensing (~~(or)~~),l certification, or permitting

31 who is not a resident of this state shall submit, with the application

32 for licensing (~~(or)~~),l certification, or permitting, an irrevocable

33 consent that service of process upon him or her may be made by service

34 on the director if, in an action against the applicant in a court of

35 this state arising out of the applicant's activities as a state-

36 licensed or state-certified real estate or trainee real property

1 appraiser, the plaintiff cannot, in the exercise of due diligence,
2 obtain personal service upon the applicant.

3 **Sec. 7.** RCW 18.140.120 and 1993 c 30 s 12 are each amended to read
4 as follows:

5 An applicant for licensure ~~((or))~~, certification, or permitting who
6 is currently licensed ~~((or))~~, certified, or permitted and in good
7 standing under the laws of another state may obtain ~~((a))~~ an equivalent
8 license ~~((or))~~, certificate, or permit as a Washington state-licensed
9 or state-certified real estate or trainee real property appraiser
10 without being required to satisfy the examination requirements of this
11 chapter if: The director determines that the licensure ~~((or))~~,
12 certification, or permitting requirements are substantially similar to
13 those found in Washington state; and that the other state has a written
14 reciprocal agreement to provide similar treatment to holders of
15 Washington state licenses ~~((and/or))~~, certificates, and/or permits.

16 **Sec. 8.** RCW 18.140.140 and 1993 c 30 s 14 are each amended to read
17 as follows:

18 (1) A license ~~((or))~~, certificate, or permit issued under this
19 chapter shall bear the signature or facsimile signature of the director
20 and a license ~~((or))~~, certificate, or permit number assigned by the
21 director.

22 (2) Each state-licensed or state-certified real estate appraiser
23 shall place his or her certificate number adjacent to or immediately
24 below the title "state-licensed real estate appraiser," "state-
25 certified residential real estate appraiser," or "state-certified
26 general real estate appraiser" when used in an appraisal report or in
27 a contract or other instrument used by the licensee ~~((or))~~, certificate
28 holder, or permit holder in conducting real property appraisal
29 activities.

30 **Sec. 9.** RCW 18.140.150 and 1993 c 30 s 15 are each amended to read
31 as follows:

32 (1) The term "state-licensed" or "state-certified real estate
33 appraiser" may only be used to refer to individuals who hold the
34 license ~~((or))~~, certificate, or permit and may not be used following or
35 immediately in connection with the name or signature of a firm,
36 partnership, corporation, or group, or in such manner that it might be

1 interpreted as referring to a firm, partnership, corporation, group, or
2 anyone other than an individual holder of the license ~~((or))~~,
3 certificate, or permit.

4 (2) No license ~~((or))~~, certificate, or permit may be issued under
5 this chapter to a corporation, partnership, firm, or group. This shall
6 not be construed to prevent a state-licensed or state-certified
7 appraiser from signing an appraisal report on behalf of a corporation,
8 partnership, firm, or group practice.

9 **Sec. 10.** RCW 18.140.155 and 1993 c 30 s 16 are each amended to
10 read as follows:

11 (1) A real estate appraiser from another state who is licensed or
12 certified by another state may apply for registration to receive
13 temporary licensing or certification in Washington by paying a fee and
14 filing a notarized application with the department on a form provided
15 by the department.

16 (2) Licensing and certification privileges granted under the
17 provisions of this section shall expire ninety days from issuance.
18 Licensing or certification shall not be renewed, nor shall an applicant
19 receive more than two registrations within any twelve-month period.

20 (3) Persons granted temporary licensing ~~((or))~~, certification, or
21 permitting privileges under this section shall not advertise or
22 otherwise hold themselves out as being licensed ~~((or))~~, certified, or
23 permitted by the state of Washington.

24 (4) Persons granted temporary licensure ~~((or))~~, certification, or
25 permitting are subject to all provisions under this chapter.

26 **Sec. 11.** RCW 18.140.160 and 1993 c 30 s 17 are each amended to
27 read as follows:

28 An application for licensure ~~((or))~~, certification, or permitting
29 may be denied. The director may impose any one or more of the
30 following sanctions against state-licensed or state-certified or
31 trainee appraisers: Suspend, revoke, or levy a fine not to exceed one
32 thousand dollars for each offense and/or otherwise discipline in
33 accordance with the provisions of this chapter, for any of the
34 following acts or omissions:

35 (1) Failing to meet the minimum qualifications for state licensure
36 ~~((or))~~, certification, or permitting established by or pursuant to this
37 chapter;

1 (2) Procuring or attempting to procure state licensure ((~~or~~)),
2 certification, or permitting under this chapter by knowingly making a
3 false statement, knowingly submitting false information, or knowingly
4 making a material misrepresentation on any application filed with the
5 director;

6 (3) Paying money other than the fees provided for by this chapter
7 to any employee of the director or the committee to procure state
8 licensure ((~~or~~)), certification, or permitting under this chapter;

9 (4) Obtaining a license ((~~or~~)), certification, or permit through
10 the mistake or inadvertence of the director;

11 (5) Conviction of any gross misdemeanor or felony or the commission
12 of any act involving moral turpitude, dishonesty, or corruption whether
13 or not the act constitutes a crime. If the act constitutes a crime,
14 conviction in a criminal proceeding is not a condition precedent to
15 disciplinary action. Upon such a conviction, however, the judgment and
16 sentence is conclusive evidence at the ensuing disciplinary hearing of
17 the guilt of the license ((~~or~~)), certificate, or permit holder or
18 applicant of the crime described in the indictment or information, and
19 of the person's violation of the statute on which it is based. For the
20 purposes of this section, conviction includes all instances in which a
21 plea of guilty or nolo contendere is the basis for the conviction and
22 all proceedings in which the sentence has been deferred or suspended.
23 Nothing in this section abrogates rights guaranteed under chapter 9.96A
24 RCW;

25 (6) Failure or refusal without good cause to exercise reasonable
26 diligence in developing an appraisal, preparing an appraisal report, or
27 communicating an appraisal;

28 (7) Negligence or incompetence in developing an appraisal,
29 preparing an appraisal report, or communicating an appraisal;

30 (8) Continuing to act as a state-licensed or state-certified real
31 estate or trainee real property appraiser when his or her license or
32 certificate is on an expired status;

33 (9) Failing, upon demand, to disclose any information within his or
34 her knowledge to, or to produce any document, book, or record in his or
35 her possession for inspection of the director or the director's
36 authorized representatives acting by authority of law;

37 (10) Violating any provision of this chapter or any lawful rule or
38 regulation made by the director pursuant thereto;

39 (11) Advertising in a false, fraudulent, or misleading manner;

1 (12) Suspension, revocation, or restriction of the individual's
2 license (~~(or)~~), certification, or permit to practice the profession by
3 competent authority in any state, federal, or foreign jurisdiction,
4 with a certified copy of the order, stipulation, or agreement being
5 conclusive evidence of the revocation, suspension, or restriction;

6 (13) Failing to comply with an order issued by the director;

7 (14) Committing any act of fraudulent or dishonest dealing or a
8 crime involving moral turpitude, with a certified copy of the final
9 holding of any court of competent jurisdiction in such matter being
10 conclusive evidence in any hearing under this chapter; and

11 (15) Issuing an appraisal report on any real property in which the
12 appraiser has an interest unless his or her interest is clearly stated
13 in the appraisal report.

14 **Sec. 12.** RCW 18.140.170 and 1993 c 30 s 18 are each amended to
15 read as follows:

16 The director may investigate the actions of a state-licensed or
17 state-certified real estate or trainee real property appraiser or an
18 applicant for licensure (~~(or)~~), certification, or permitting or
19 relicensure or recertification. Upon receipt of information indicating
20 that a state-licensed or state-certified real estate or trainee real
21 property appraiser under this chapter may have violated this chapter,
22 the director shall cause one or more of the staff investigators to make
23 an investigation of the facts to determine whether or not there is
24 admissible evidence of any such violation. If technical assistance is
25 required, a staff investigator may consult with one or more of the
26 members of the committee.

27 In any investigation made by the director's investigative staff,
28 the director shall have the power to compel the attendance of witnesses
29 and the production of books, documents, records, and other papers, to
30 administer oaths, and to take testimony and receive evidence concerning
31 all matters within the director's jurisdiction.

32 If the director determines, upon investigation, that a state-
33 licensed or state-certified real estate or trainee real property
34 appraiser under this chapter has violated this chapter, a statement of
35 charges shall be prepared and served upon the state-licensed or state-
36 certified real estate or trainee real property appraiser. This
37 statement of charges shall require the accused party to file an answer
38 to the statement of charges within twenty days of the date of service.

1 In responding to a statement of charges, the accused party may
2 admit to the allegations, deny the allegations, or otherwise plead.
3 Failure to make a timely response shall be deemed an admission of the
4 allegations contained in the statement of charges and will result in a
5 default whereupon the director may enter an order under RCW 34.05.440.
6 If a hearing is requested, the time of the hearing shall be scheduled
7 but the hearing shall not be held earlier than thirty days after
8 service of the charges upon the accused. A notice of hearing shall be
9 issued at least twenty days prior to the hearing, specifying the time,
10 date, and place of hearing.

11 **Sec. 13.** RCW 18.140.180 and 1993 c 30 s 20 are each amended to
12 read as follows:

13 The administrative hearing on the allegations in the statement of
14 charges may be heard by an administrative law judge appointed under
15 chapter 34.12 RCW at the time and place prescribed by the director and
16 in accordance with the provisions of the Administrative Procedure Act,
17 chapter 34.05 RCW. If the administrative law judge determines that a
18 state-licensed or state-certified real estate or trainee real property
19 appraiser is guilty of a violation of any of the provisions of this
20 chapter, a formal decision shall be prepared that contains findings of
21 fact and recommendations to the director concerning the appropriate
22 disciplinary action to be taken.

23 In such event the director shall enter an order to that effect and
24 shall file the same in his or her office and immediately mail a copy
25 thereof to the affected party at the addresses of record with the
26 department. Such order shall not be operative for a period of ten days
27 from the date thereof. Any party aggrieved by a final decision by the
28 director in an adjudicative proceeding whether such decision is
29 affirmative or negative in form, is entitled to a judicial review in
30 the superior court under the provisions of the Administrative Procedure
31 Act, chapter 34.05 RCW.

32 NEW SECTION. **Sec. 14.** A new section is added to chapter 50.04 RCW
33 to read as follows:

34 The term "employment" does not include services performed by an
35 appraisal practitioner certified, licensed, or permitted under chapter
36 18.140 RCW in an appraisal business if the use of the business
37 facilities is contingent upon compensation to the owner of the business

1 facilities and the person receives no compensation from the owner for
2 the services performed.

3 NEW SECTION. **Sec. 15.** A real estate appraiser certified or
4 licensed under chapter 18.140 RCW has a lien for compensation, whether
5 specially agreed upon or implied, as follows: (1) Upon the papers of
6 the client, that have come into his or her possession in the course of
7 professional employment; (2) upon money in his or her hands belonging
8 to the client; and (3) upon other real and personal property belonging
9 to the client to the extent of the value of any services performed by
10 him or her, or if the services were rendered under a special agreement,
11 for the sum due under such agreement, from the time of filing notice of
12 such lien or claim with the clerk of the court in which such papers,
13 money, and property is located, showing name of claimant, amount
14 claimed, and date of filing notice.

15 NEW SECTION. **Sec. 16.** When an appraiser refuses to deliver over
16 money, papers, or property to a person from or for whom he or she has
17 received them in the course of professional employment, he or she may
18 be required by an order of any judge of a court of record, to do so
19 within a specified time, or show cause why he or she should not be
20 punished for a contempt.

21 NEW SECTION. **Sec. 17.** If the appraiser claims a lien, upon the
22 money, papers, or property, the court or judge may: (1) Impose as a
23 condition of making the order, that the client give security in a form
24 and amount to be directed, to satisfy the lien, when determined in an
25 action; (2) inquire into the facts on which the claim of a lien is
26 founded and make a determination; or (3) refer it and make a
27 determination based upon the report.

28 NEW SECTION. **Sec. 18.** (1) A trainee real property appraiser may
29 not provide appraisal services other than through and under the direct
30 supervision of a state-certified general real estate appraiser or a
31 state-certified residential real estate appraiser.

32 (2) A person may be issued only one permit to be valid for a term
33 not exceeding five years as a trainee real property appraiser during a
34 period of not less than ten years from the date of issuance unless

1 either such period is interrupted by service in the armed forces of the
2 United States of America.

3 NEW SECTION. **Sec. 19.** (1) There shall be one category of trainee
4 real property appraiser. The scope of practice for the trainee shall
5 be the appraisal of those properties which the supervising appraiser is
6 permitted to appraise.

7 (2) The trainee real property appraiser shall be subject to the
8 uniform standards of professional appraisal practice.

9 (3) The trainee real property appraiser shall be entitled to obtain
10 copies of the appraisal report he or she prepared. The supervising
11 appraiser shall keep copies of appraisal reports for a period of at
12 least five years or at least two years after final disposition of any
13 judicial proceeding in which testimony was given or such other time as
14 the director may prescribe, whichever period expires last.

15 NEW SECTION. **Sec. 20.** (1) Whether or not an examination is
16 required for permitting as a trainee real property appraiser, an
17 applicant shall present evidence satisfactory to the director that he
18 or she has successfully completed the education requirements adopted by
19 the director.

20 (2) The director shall adopt in rule education requirements which
21 are not less than those promulgated by the appraiser qualification
22 board of the appraisal foundation in its criteria for the trainee real
23 property appraiser classification.

24 NEW SECTION. **Sec. 21.** (1) The director may elect to prescribe an
25 examination for permitting as a trainee real property appraiser whether
26 or not an examination is a requirement of the trainee real property
27 appraiser classification criteria promulgated by the appraiser
28 qualification board of the appraisal foundation.

29 (2) The examination shall be not less stringent than one endorsed
30 by the appraiser qualification board.

31 NEW SECTION. **Sec. 22.** Sections 15 through 17 of this act
32 constitute a new chapter in Title 60 RCW.

33 NEW SECTION. **Sec. 23.** Sections 18 through 21 of this act are each
34 added to chapter 18.140 RCW.

1 NEW SECTION. **Sec. 24.** This act takes effect July 1, 1994.

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