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HOUSE BILL 3040

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State of Washington

61st Legislature

2010 Regular Session

By Representatives Conway and Wood

1 AN ACT Relating to the licensing of appraisal management companies;  
2 adding a new chapter to Title 18 RCW; and prescribing penalties.

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

4 NEW SECTION. **Sec. 1.** INTENT. It is the intent of the legislature  
5 that only companies which meet and maintain minimum standards of  
6 competence and conduct may provide appraisal management services.

7 NEW SECTION. **Sec. 2.** SHORT TITLE. This chapter may be known and  
8 cited as the appraisal management company act.

9 NEW SECTION. **Sec. 3.** DEFINITIONS. The definitions in this  
10 section apply throughout this chapter unless the context clearly  
11 requires otherwise.

12 (1) "Appraisal" means the practice of developing an opinion of  
13 value of real property in conformance with uniform standards of  
14 professional appraisal practice as developed by the appraisal  
15 foundation or by statute, or any other definition utilized within state  
16 or federal government regulations.

1 (2) "Appraisal management company" means an entity that directly or  
2 indirectly performs appraisal management services, regardless of the  
3 use of the term appraisal management company, mortgage technology  
4 provider, lender processing services, lender services, loan processor,  
5 mortgage services, real estate closing services provider, settlement  
6 services provider, or vendor management company, or any other term.

7 (3) "Appraisal management services" means to, directly or  
8 indirectly, perform any or all of the following functions on behalf of  
9 a lender, financial institution, mortgage broker, loan originator, or  
10 any other person:

11 (a) Administer an appraiser panel;

12 (b) Recruit, qualify, verify licensing or certification, and  
13 negotiate fees and service level expectations with persons who are part  
14 of an appraiser panel;

15 (c) Receive an order for an appraisal from one person, or entity,  
16 and deliver the order for the appraisal to an appraiser that is part of  
17 an appraiser panel for completion;

18 (d) Track and determine the status of appraisal orders;

19 (e) Conduct quality control of a completed appraisal prior to the  
20 delivery of the appraisal to the person that ordered the appraisal; and

21 (f) Provide a completed appraisal performed by an appraiser to one  
22 or more persons that have ordered an appraisal.

23 (4) "Appraiser" means a person who holds a license or certification  
24 to complete an appraisal in the state where the real property that is  
25 the subject of the appraisal is located.

26 (5) "Appraiser fee schedule" means a list of the various appraisal  
27 products requested by an appraisal management company in this state  
28 from appraisers and the fees that the appraisal management company is  
29 willing to pay an appraiser for the performance of the appraisals.

30 (6) "Appraiser panel" means a network of licensed or certified  
31 appraisers who are independent contractors of an appraisal management  
32 company that have:

33 (a) Independently applied to or responded to an invitation,  
34 request, or solicitation from an appraisal management company, in any  
35 form, to perform appraisals for persons, or entities, that have ordered  
36 appraisals through the appraisal management company, or to perform  
37 appraisals for the appraisal management company directly, on a periodic  
38 basis, as assigned by the appraisal management company; and

1 (b) Been selected, and approved, by an appraisal management company  
2 to perform appraisals for a person, or entity, that has ordered an  
3 appraisal through the appraisal management company, or to perform  
4 appraisals for the appraisal management company directly, on a periodic  
5 basis, as assigned by the appraisal management company.

6 (7) "Controlling person" means:

7 (a) An owner, officer, or director of a corporation, partnership,  
8 or other business entity seeking to offer appraisal management services  
9 in this state;

10 (b) An individual employed, appointed, or authorized by an  
11 appraisal management company that has the authority to enter into a  
12 contractual relationship with other persons for the performance of  
13 appraisal management services and has the authority to enter into  
14 agreements with appraisers for the performance of appraisals;

15 (c) An individual who possesses, directly or indirectly, the power  
16 to direct or cause the direction of the management or policies of an  
17 appraisal management company;

18 (d) Any person who controls, directly or indirectly through one or  
19 more intermediaries, alone or in concert with others, or a ten percent  
20 or greater interest in a partnership, company, association, or  
21 corporation; or

22 (e) Any person who controls a limited liability company or is the  
23 owner of a sole proprietorship.

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

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

26 NEW SECTION. **Sec. 4.** POWERS AND DUTIES OF DIRECTOR. The director  
27 has the following powers and duties:

28 (1) To adopt rules in accordance with chapter 34.05 RCW necessary  
29 to implement this chapter and chapter 18.235 RCW;

30 (2)(a) To receive and approve or deny applications for licensure as  
31 an appraisal management company under this chapter;

32 (b) To establish appropriate administrative procedures for the  
33 processing of the applications;

34 (c) To issue licenses to qualified companies pursuant to the  
35 provisions of this chapter; and

36 (d) To maintain a roster of the names and addresses of companies  
37 licensed under this chapter;

1 (3) To employ professional, clerical, and technical assistance as  
2 may be necessary to properly administer the work of the director;

3 (4) To establish forms necessary to administer this chapter;

4 (5) To oversee the performance of any background checks;

5 (6) To initiate and oversee investigations and any audits;

6 (7) To establish grounds for disciplinary actions;

7 (8) To establish by rule, fees necessary to administer this  
8 chapter; and

9 (9) To do all other things necessary to carry out the provisions of  
10 this chapter and minimally meet the requirements of federal and other  
11 guidelines regarding appraisal management companies.

12 NEW SECTION. **Sec. 5.** IMMUNITY. The director or individuals  
13 acting on behalf of the director are immune from suit in any action,  
14 civil or criminal, based on any acts performed in the course of their  
15 duties except for their intentional or willful misconduct.

16 NEW SECTION. **Sec. 6.** APPLICATIONS--ORIGINAL AND RENEWAL  
17 REGISTRATION. (1) Applications for licensure registration must be made  
18 in writing to the department on forms approved by the director.  
19 Applications for original and renewal licenses must include a statement  
20 confirming that the company shall comply with applicable rules and  
21 regulations and that the company understands the penalties for  
22 misconduct.

23 (2) The appropriate fees must accompany all applications for  
24 original licensure and renewal registration.

25 (3) Each applicant shall file and maintain a surety bond, approved  
26 by the director, executed by the applicant as obligor and by a surety  
27 company authorized to do a surety business in this state as surety,  
28 whose liability as the surety may not exceed in the aggregate the penal  
29 sum of the bond. The penal sum of the bond must be a minimum of thirty  
30 thousand dollars and based on the annual dollar amount of loans  
31 originated. The bond must run to the state of Washington as obligee  
32 for the use and benefit of the state and of any person or persons who  
33 may have a cause of action against the obligor under this chapter. The  
34 bond must be conditioned that the obligor as licensee will faithfully  
35 conform to and abide by this chapter and all the rules adopted under  
36 this chapter. The bond will pay to the state and any person or persons

1 having a cause of action against the obligor all moneys that may become  
2 due and owing to the state and those persons under and by virtue of  
3 this chapter. In lieu of a surety bond, if the applicant is a  
4 Washington business corporation, the applicant may maintain unimpaired  
5 capital, surplus, and long-term subordinated debt in an amount that at  
6 any time its outstanding promissory notes or other evidences of debt,  
7 other than long-term subordinated debt, in an aggregate sum do not  
8 exceed three times the aggregate amount of its unimpaired capital,  
9 surplus, and long-term subordinated debt. The director may define  
10 qualifying "long-term subordinated debt" for purposes of this section.  
11 The amount of the bond required must be consistent with the provisions  
12 found in WAC 208-620-320.

13 NEW SECTION. **Sec. 7.** OUT OF STATE COMPANIES--CONSENT FOR SERVICE  
14 OF PROCESS. Every company seeking licensure whose headquarters is not  
15 based in the state of Washington shall submit, with the application for  
16 licensure, an irrevocable consent that service of process upon the  
17 controlling person or persons may be made by service on the director  
18 if, in an action against the entity in a Washington state court arising  
19 out of the entity's activities as an appraisal management company, the  
20 plaintiff cannot, in the exercise of due diligence, obtain personal  
21 service upon the company.

22 NEW SECTION. **Sec. 8.** REGISTRATION--REQUIRED USE OF NUMBER. (1)  
23 A license issued under this chapter must bear the signature or  
24 facsimile signature of the director and a license number assigned by  
25 the director.

26 (2) Each licensed appraisal management company shall place its  
27 unique license number on any engagement document issued, including but  
28 not limited to requests for bids, requests for appraiser availability,  
29 fax orders, e-mail orders, and letters.

30 (3) An appraisal management company licensed in this state shall  
31 disclose the license number provided to it by the department on all  
32 print and electronic advertising, including any electronic advertising  
33 or communication via the internet.

34 (4) All appraisal management company license numbers are required  
35 to be included on all appraisals ordered by the appraiser management  
36 company.

1        NEW SECTION.    **Sec. 9.**    LICENSURE REQUIRED.    (1) It is unlawful for  
2 a person to directly or indirectly engage or attempt to engage in  
3 business as an appraisal management company, to directly or indirectly  
4 engage or attempt to perform appraisal management services, or to  
5 advertise or hold itself out as engaging in or conducting business as  
6 an appraisal management company without first obtaining a license  
7 issued by the department under the provisions of this chapter.

8        (2) The license required by subsection (1) of this section must, at  
9 a minimum, include the following information:

10        (a) Name of the entity seeking licensure;

11        (b) Business address of the entity seeking licensure;

12        (c) Phone contact information of the entity seeking licensure;

13        (d) If the entity is not a corporation that is domiciled in this  
14 state, the name and contact information for the company's agent for  
15 service of process in this state;

16        (e) The name, address, and contact information for any individual  
17 or any corporation, partnership, or other business entity that owns ten  
18 percent or more of the appraisal management company;

19        (f) The name, address, and contact information for a controlling  
20 person;

21        (g) A certification that the entity has a system and process in  
22 place to verify that a person being added to the appraiser panel of the  
23 appraisal management company holds a license or certification in good  
24 standing in this state pursuant to chapter 18.140 RCW, if a license or  
25 certification is required to perform appraisals, pursuant to section 14  
26 of this act;

27        (h) A certification that the entity has a system in place to review  
28 the work of all appraisers that are performing real estate appraisal  
29 services for the appraisal management company on a periodic basis to  
30 ensure that the real estate appraisal services are being conducted in  
31 accordance with uniform standards of professional appraisal practice,  
32 pursuant to section 15 of this act;

33        (i) A certification that the entity maintains a detailed record of  
34 each service request that it receives and the appraiser that performs  
35 the real estate appraisal services for the appraisal management  
36 company, pursuant to section 14 of this act;

37        (j) A certification that the entity maintains a complete copy of  
38 the completed appraisal report performed as a part of any request, for

1 a minimum period of five years, seven years if the property or the  
2 appraisal becomes involved in any litigation, pursuant to uniform  
3 standards of professional appraisal practice provisions, and that the  
4 appraisals must be provided to the department upon demand;

5 (k) An irrevocable uniform consent to service of process, pursuant  
6 to section 7 of this act; and

7 (l) Any other information required by the department.

8 NEW SECTION. **Sec. 10.** OWNER REQUIREMENTS. (1) An appraisal  
9 management company applying for a registration in this state may not be  
10 more than ten percent owned by:

11 (a) A person who has had a license or certificate to act as an  
12 appraiser refused, denied, canceled, or revoked in any state; or

13 (b) An entity that is more than ten percent owned by any person who  
14 has had a license or certificate to act as an appraiser refused,  
15 denied, canceled, or revoked in any state.

16 (2)(a) Each person that owns more than ten percent of an appraisal  
17 management company in this state shall:

18 (i) Be of good moral character, as determined by the department;  
19 and

20 (ii) Submit to a background investigation, as determined by the  
21 department.

22 (b) Each appraisal management company applying for a license in  
23 this state shall certify to the department that it has reviewed each  
24 and every individual or entity that owns more than ten percent of the  
25 appraisal management company and that no entity that owns more than ten  
26 percent of the appraisal management company is more than ten percent  
27 owned by any person that has had a license or certificate to act as an  
28 appraiser refused, denied, canceled, or revoked.

29 NEW SECTION. **Sec. 11.** CONTROLLING PERSON REQUIREMENTS. (1)(a)  
30 Each appraisal management company applying to the department for a  
31 license in this state shall designate one controlling person that will  
32 be the main contact for all communication between the department and  
33 the appraisal management company.

34 (b) Should the controlling person change, the appraisal management  
35 company must notify the director within fourteen days and provide the  
36 name and contact information of the new controlling person.

1 (2) The controlling person designated pursuant to subsection (1) of  
2 this section shall:

3 (a) Hold a license or certificate to act as an appraiser in at  
4 least one state;

5 (b) Have never had a license or certificate to act as an appraiser  
6 surrendered in lieu of disciplinary action, refused, denied, canceled,  
7 or revoked in any state;

8 (c) Be of good moral character, as determined by the department;  
9 and

10 (d) Submit to any background investigation, as determined by the  
11 department.

12 NEW SECTION. **Sec. 12.** EMPLOYEE REQUIREMENTS. (1) An appraisal  
13 management company that applies to the department for a license to do  
14 business in this state may not employ in any capacity:

15 (a) Any person who has ever had a license or certificate to act as  
16 an appraiser in this state, or in any other state, surrendered in lieu  
17 of disciplinary action, refused, denied, canceled, or revoked;

18 (b) Any person who is currently suspended, debarred, under a  
19 limited denial of participation, or otherwise restricted under 24  
20 C.F.R. 25, 2 C.F.R. 180 as implemented by part 2424, or under similar  
21 provisions of any other federal agency;

22 (c) Any person who is under indictment for, or has been convicted  
23 of, an offense that reflects adversely upon the applicant's integrity,  
24 competence or fitness to meet the responsibilities of an approved  
25 mortgagee;

26 (d) Any person who is subject to unresolved findings contained in  
27 a department of housing and urban development or other governmental  
28 audit, investigation, or review;

29 (e) Any person who is engaged in business practices that do not  
30 conform to generally accepted practices of prudent mortgagees or that  
31 demonstrate irresponsibility;

32 (f) Any person who has been convicted of, or who has pled guilty or  
33 nolo contendere to, a felony related to participation in the real estate  
34 or mortgage loan industry:

35 (i) During the seven-year period preceding the date of the  
36 application for licensing and registration; or

1 (ii) At any time preceding the date of application, if the felony  
2 involved an act of fraud, dishonesty, or a breach of trust, or money  
3 laundering;

4 (g) Any person who is in violation of provisions of the S.A.F.E.  
5 mortgage licensing act of 2008, 12 U.S.C. 5101 et seq., or any  
6 applicable provision of state law; or

7 (h) Any person who is in violation of any other requirement as  
8 established by the director.

9 (2) An appraisal management company that applies to the department  
10 for a license to do business in this state may not:

11 (a) Enter into any independent contractor arrangement, whether in  
12 verbal, written, or other form, with any person who has ever had a  
13 license or certificate to act as an appraiser in this state, or in any  
14 other state, surrendered in lieu of disciplinary action, refused,  
15 denied, canceled, or revoked; and

16 (b) Enter into any contract, agreement, or other business  
17 relationship, whether in verbal, written, or other form, with any  
18 entity that employs, has entered into an independent contractor  
19 arrangement, or has entered into any contract, agreement, or other  
20 business relationship, whether in verbal, written, or any other form,  
21 with any person who has ever had a license or certificate to act as an  
22 appraiser in this state or in any other state, ever had a license or  
23 certificate to act as an appraiser in this state, surrendered in lieu  
24 of disciplinary action, refused, denied, canceled, or revoked.

25 (3) Any employee of the appraisal management company, or any  
26 contractor working in any capacity on behalf of the appraisal  
27 management company, that has any involvement in the ordering of  
28 appraisal services, actual performance of appraisal services, or review  
29 and analysis of completed appraisals must be a state licensed or state  
30 certified appraiser in the state in which the property is located, and  
31 shall have geographic and product competence according to uniform  
32 standards of professional appraisal practice. Employees completing  
33 appraisal reviews shall have a minimum of five years' appraisal  
34 experience.

35 NEW SECTION. **Sec. 13.** EXEMPTIONS. The provisions of this chapter  
36 do not apply to the following:

1 (1) A person that exclusively employs persons on an employer and  
2 employee basis for the performance of appraisals, and the employer is  
3 responsible for ensuring that the appraisals are performed by employees  
4 in accordance with uniform standards of professional appraisal  
5 practice;

6 (2) A department or unit within a financial institution that is  
7 subject to direct regulation by an agency of the United States  
8 government, or to regulation by an agency of this state, that receives  
9 a request for the performance of an appraisal from one employee of the  
10 financial institution, and another employee of the same financial  
11 institution assigns the request for the appraisal to an appraiser that  
12 is part of an appraiser panel;

13 (3) An appraiser that enters into an agreement, whether written or  
14 otherwise, with another appraiser for the performance of an appraisal,  
15 and upon completion of the appraisal, the report of the appraiser  
16 performing the appraisal is signed by both the appraiser who completed  
17 the appraisal and the appraiser who requested the completion of the  
18 appraisal;

19 (4) A relocation management company. A "relocation management  
20 company" means a business entity whose exclusive business services are  
21 nonmortgage use related and include the relocation of employees as an  
22 agent or contractor for the employer, or the employer's agent, for the  
23 purposes of determining an "anticipated sales price," as defined by the  
24 worldwide employee relocation council, of the residence of an employee  
25 being relocated by the employer in the course of its business.

26 NEW SECTION. **Sec. 14.** RECORDKEEPING. Each appraisal management  
27 company seeking to be licensed in this state shall certify to the  
28 department on initial application and upon renewal, that it maintains  
29 a detailed record of each service request that it receives and the  
30 appraiser that performs the appraisal for the appraisal management  
31 company. This statement must also certify that the appraisal  
32 management company maintains a complete copy of the completed appraisal  
33 report performed as a part of any request, for a minimum period of five  
34 years, seven years if the property or the appraisal becomes involved in  
35 any litigation, pursuant to uniform standards of professional appraisal  
36 practice provisions, and that the appraisals must be provided to the  
37 department upon demand.

1           NEW SECTION.           **Sec. 15.**           APPRAISER FEES, DISCLOSURES, AND

2 LIMITATIONS.   (1) An appraisal management company that applies for  
3 licensure in this state shall disclose to the department as part of the  
4 licensure process if it has developed or utilizes any appraiser fee  
5 schedule and shall make that fee schedule available to the department  
6 upon demand.

7           (2) Appraisal fees are to be set by open bid process, and must be  
8 based upon the complexity of the appraisal performed. In no case may  
9 an appraisal fee be offered or be paid by an appraisal management  
10 company based upon the appraised value of the subject property, a range  
11 of value of the subject property, a predetermined value estimate, or  
12 the amount of the transaction value. An appraisal management company  
13 requesting a bid from an appraiser to complete an appraisal in this  
14 state shall request that the appraiser provide the amount of the fee to  
15 be charged for the appraisal by the appraiser, and the estimated time  
16 in which the appraisal will be completed and delivered to the appraisal  
17 management company by the appraiser. The appraisal management company  
18 may not set predetermined limits on fees or delivery timelines in the  
19 appraisal order request. The appraisal management company may select  
20 and engage an appraiser from among the bids received, may reject any or  
21 all bids received, or may request that new bids be submitted for any  
22 appraisal assignment.

23           (3) If, prior to completing the appraisal report, issues arise that  
24 add to the assignment complexity, the appraiser may not be prevented  
25 from requesting a modification to the original fee.

26           (4) The total fee retained by the appraisal management company may,  
27 in no case, be in excess of twenty-five percent of the amount paid to  
28 the individual appraiser for the performance of the appraisal.

29           (5) All loan settlement documents that itemize borrower costs must  
30 clearly indicate the fee paid to the appraiser and shall separately  
31 indicate the fee paid to the appraisal management company.

32           (6) The department may, at its discretion, review any appraiser fee  
33 schedule developed by an appraisal management company licensed in this  
34 state.

35           (7) Appraisers may not be prohibited by the lender, appraisal  
36 management company, or other third party, from recording or publishing  
37 the fee the appraiser was paid for the performance of the appraisal

1 report or discussing said fee with the homeowner, borrower, or other  
2 parties to the transaction.

3 (8) Appraisers shall clearly indicate in the appraisal report, the  
4 name of the appraisal management company ordering the appraisal as well  
5 as the name of the intended user of the report, including a lender.  
6 Appraisers may not be prohibited from naming the appraisal management  
7 company as the client, in conformance with uniform standards of  
8 professional appraisal practice.

9 (9) Appraisers shall clearly indicate in the appraisal report, the  
10 license number of the appraisal management company that engaged the  
11 appraiser in the assignment.

12 (10) Appraisal management companies may not prohibit registered  
13 appraisal trainees in the state from signing appraisal reports, as long  
14 as the appraisal reports are also signed by the supervising appraiser  
15 who is licensed or certified in the state.

16 (11) Appraisal management companies may not include a hold harmless  
17 provision in the contract with a client or require the appraiser to  
18 indemnify the appraisal management company against liability. The  
19 appraisal management company and the appraiser are jointly and  
20 severally liable to the client.

21 NEW SECTION. **Sec. 16.** ADJUDICATION OF DISPUTES BETWEEN AN  
22 APPRAISAL MANAGEMENT COMPANY AND AN APPRAISER. (1) Except within the  
23 first thirty days after an appraiser is first added to the appraiser  
24 panel of an appraisal management company, an appraisal management  
25 company may not remove an appraiser from its appraiser panel, or  
26 otherwise refuse to assign requests for real estate appraisal services  
27 to an appraiser without:

28 (a) Notifying the appraiser in writing of the reasons why the  
29 appraiser is being removed from the appraiser panel of the appraisal  
30 management company, including if the appraiser is being removed from  
31 the panel for illegal conduct, violation of uniform standards of  
32 professional appraisal practice, or a violation of state licensing  
33 standards, the nature of the alleged conduct or violation; and

34 (b) Providing an opportunity for the appraiser to respond to the  
35 notification of the appraisal management company.

36 (2) An appraiser that is removed from the appraiser panel of an  
37 appraisal management company for alleged illegal conduct, violation of

1 uniform standards of professional appraisal practice, or a violation of  
2 state licensing standards, may file a complaint with the department for  
3 a review of the decision of the appraisal management company, except  
4 that in no case may the department make any determination regarding the  
5 nature of the business relationship between the appraiser and the  
6 appraisal management company which is unrelated to the actions  
7 specified in subsection (1) of this section.

8 (3) If an appraiser files a complaint against an appraisal  
9 management company pursuant to subsection (2) of this section, the  
10 department may investigate the complaint within one hundred eighty  
11 days.

12 (4) If after opportunity for hearing and review, the department  
13 determines that an appraiser did not commit a violation of law, a  
14 violation of uniform standards of professional appraisal practice, or  
15 a violation of state licensing standards, the department shall order  
16 that an appraiser be restored to the appraiser panel of the appraisal  
17 management company that was the subject of the complaint without  
18 prejudice.

19 (5) Following the adjudication of a complaint to the department by  
20 an appraiser against an appraisal management company, an appraisal  
21 management company may not refuse to make assignments for real estate  
22 appraisal services to an appraiser, or reduce the number of  
23 assignments, or otherwise penalize the appraiser, if the department has  
24 found that the appraisal management company acted improperly in  
25 removing the appraiser from the appraiser panel.

26 NEW SECTION. **Sec. 17.** DISCIPLINARY ACTIONS--GROUNDS. (1) In  
27 addition to the unprofessional conduct described in RCW 18.235.130, the  
28 director may take disciplinary action for the following conduct, acts,  
29 or conditions:

30 (a) Failing to meet the minimum qualifications for registration  
31 established by or pursuant to this chapter;

32 (b) Paying money other than the fees provided for by this chapter  
33 to any employee of the director to procure state registration under  
34 this chapter;

35 (c) Failing to pay appraisers no later than thirty days after the  
36 loan closing documents or forty-five days after completion of the  
37 appraisal service, whichever comes first, unless otherwise agreed or

1 unless the appraiser has been notified in writing that a bona fide  
2 dispute exists regarding the performance or quality of the appraisal  
3 service;

4 (d) Failing to pay appraisers even if the appraisal management  
5 company is not paid by its client;

6 (e) Coercing, extorting, colluding, compensating, instructing,  
7 inducing, intimidating, bribing an appraiser, or in any other manner  
8 including, but not limited to:

9 (i) Withholding or threatening to withhold timely payment for an  
10 appraisal;

11 (ii) Requiring the appraiser to remit a portion of the appraisal  
12 fee back to the appraisal management company;

13 (iii) Withholding or threatening to withhold future business for,  
14 or demoting or terminating or threatening to demote or terminate, an  
15 appraiser;

16 (iv) Expressly or impliedly promising future business, promotions,  
17 or increased compensation for an appraiser;

18 (v) Conditioning the request for an appraisal or the payment of an  
19 appraisal fee or salary or bonus on the opinion, conclusion, or  
20 valuation to be reached, or on a preliminary estimate or opinion  
21 requested from an appraiser;

22 (vi) Requesting that an appraiser provide an estimated,  
23 predetermined, or desired valuation in an appraisal report, or provide  
24 estimated values or comparable sales at any time prior to the  
25 appraiser's completion of an appraisal;

26 (vii) Providing to an appraiser an anticipated, estimated,  
27 encouraged, or desired value for a subject property or a proposed or  
28 target amount to be loaned to the borrower, except that a copy of the  
29 sales contract for purchase transactions must be provided to the  
30 appraiser;

31 (viii) Providing to an appraiser, or any entity or person related  
32 to the appraiser, stock or other financial or nonfinancial benefits;

33 (ix) Allowing the removal of an appraiser from an appraiser panel,  
34 without prior written notice to such appraiser and the reasons or basis  
35 for removal, which notice shall include written evidence of the  
36 appraiser's illegal or unprofessional conduct, violation of uniform  
37 standards of professional appraisal practice or state licensing  
38 standards, or other substantive reason for removal;

1 (x) Obtaining, using, or paying for a second or subsequent  
2 appraisal or ordering an automated valuation model in connection with  
3 a mortgage financing transaction unless there is a reasonable basis to  
4 believe that the initial appraisal was flawed or tainted and such basis  
5 is clearly and appropriately noted in the loan file, or unless such  
6 appraisal or automated valuation model is done pursuant to a bona fide  
7 prefunding or postfunding appraisal review or quality control process;  
8 or

9 (xi) Any other act or practice that impairs or attempts to impair  
10 an appraiser's independence, objectivity, or impartiality, or that  
11 violates law or regulation including, but not limited to, uniform  
12 standards of professional practice, the truth in lending act, or  
13 Regulation Z;

14 (f) Altering, modifying, or otherwise changing a completed  
15 appraisal report submitted by an appraiser;

16 (g) Copying and using the appraiser's signature for any purpose or  
17 in any other report;

18 (h) Extracting, copying, or using only a portion of the appraisal  
19 report without reference to the entire report;

20 (i) Prohibiting or attempting to prohibit the inclusion of the  
21 signature on an appraisal report of a state-registered appraisal  
22 trainee if the report is also signed by the supervisory appraiser;

23 (j) Prohibiting or attempting to prohibit the appraiser from  
24 including or referencing the appraisal fee, appraisal management  
25 company fee, the appraisal management company name or identity, or the  
26 client's or lender's name or identity in the appraisal report;

27 (k) Failing to disclose to the appraiser the total fee or  
28 compensation paid to the appraisal management company for the  
29 assignment;

30 (l) Requiring an appraiser to prepare an appraisal report, engaging  
31 an appraiser to perform an appraisal, or accepting an appraisal from an  
32 appraiser who does not have either the geographic competence or  
33 necessary expertise to complete the appraisal;

34 (m) Requiring an appraiser to prepare an appraisal report under  
35 such a limited time frame that the appraiser, in the appraiser's own  
36 professional judgment, believes does not afford the appraiser the  
37 ability to meet all relevant legal and professional obligations or  
38 provide a credible opinion of value for the property being appraised;

1 (n) Requiring, or attempting to require, an appraiser to modify an  
2 appraisal report except as permitted under subsection (2)(a) or (b) of  
3 this section;

4 (o) Prohibiting, or attempting to prohibit, or inhibiting  
5 communication between the appraiser and:

6 (i) The lender;

7 (ii) A real estate licensee;

8 (iii) A property owner; or

9 (iv) Any other party or person from whom the appraiser, in the  
10 appraiser's own professional judgment, believes information would be  
11 relevant or pertinent in completing the appraisal;

12 (p) Requiring or attempting to require the appraiser to do anything  
13 that violates or does not comply with uniform standards of professional  
14 appraisal practice or with any allowable assignment conditions or  
15 certifications required by the client;

16 (q) Prohibiting or refusing to allow, or attempting to prohibit or  
17 refuse to allow, the transfer of an appraisal from one lender to  
18 another lender if the lenders are allowed to transfer an appraisal  
19 under applicable federal law;

20 (r) Failing to regularly cycle through on a rotating basis and  
21 engaging appraisers who are on the approved appraiser panel of the  
22 appraisal management company; or

23 (s) Violating any provision of this chapter or any lawful rule made  
24 by the director pursuant thereto.

25 (2) Nothing in subsection (1) of this section may be construed as  
26 prohibiting the appraisal management company from requesting that an  
27 appraiser:

28 (a) Provide additional information about the basis for a valuation;  
29 or

30 (b) Correct objective factual errors in an appraisal report.

31 NEW SECTION. **Sec. 18.** ACTING WITHOUT REGISTRATION--PENALTY. Any  
32 person or entity acting as an appraisal management company without a  
33 registration that is currently valid is guilty of a misdemeanor.

34 NEW SECTION. **Sec. 19.** VIOLATIONS--INVESTIGATIONS. The director  
35 may investigate the actions of a licensed appraisal management company.  
36 Upon receipt of information indicating that a licensed appraisal

1 management company under this chapter may have violated this chapter,  
2 the director may cause one or more staff investigators to make an  
3 investigation of the facts to determine whether or not there is  
4 admissible evidence of any violation.

5 NEW SECTION. **Sec. 20.** DUTIES OF ATTORNEY GENERAL. The attorney  
6 general shall render to the director opinions upon all questions of law  
7 relating to the construction or interpretation of this chapter, or  
8 arising in the administration thereof that may be submitted by the  
9 director, and shall act as attorney for the director in all actions and  
10 proceedings brought by or against the director under or pursuant to any  
11 provisions of this chapter.

12 NEW SECTION. **Sec. 21.** UNIFORM REGULATION OF BUSINESS AND  
13 PROFESSIONS ACT. The uniform regulation of business and professions  
14 act, chapter 18.235 RCW, governs unlicensed practice, the issuance and  
15 denial of licenses, and the discipline of licensees under this chapter.

16 NEW SECTION. **Sec. 22.** SEVERABILITY. If any provision of this act  
17 or its application to any person or circumstance is held invalid, the  
18 remainder of the act or the application of the provision to other  
19 persons or circumstances is not affected.

20 NEW SECTION. **Sec. 23.** Sections 1 through 22 of this act  
21 constitute a new chapter in Title 18 RCW.

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