

**HB 2189 STAFF MEASURE SUMMARY**

**House Committee On Business and Labor**

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**Prepared By:** Jan Nordlund, LPRO Analyst

**Meeting Dates:** 2/27, 3/13

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**WHAT THE MEASURE DOES:**

Establishes that cause of action arising out of real estate appraisal activity must be commenced before earlier of applicable period of limitation or five years from real estate appraisal activity. Provides exception when claim of fraud or misrepresentation. Applies to causes of action arising on or after effective date of Act.

**ISSUES DISCUSSED:**

- Review of appraisal for material defect
- Record retention requirement under federal rule

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

A real estate appraiser is liable for material defects contained in an appraisal. Under current law, the "discovery rule" allows a suit to be filed for a period of time after the plaintiff discovers an alleged defect in an appraisal. Since the appraisal may have been performed many years in the past, the appraiser may not have the records to defend themselves, as records must be retained only for five years under the Uniform Standards of Professional Appraisal Practice. House Bill 2189 requires action be commenced five years after the appraisal or an otherwise applicable period of limitation, whichever is earlier.