

HB 2189 A STAFF MEASURE SUMMARY

Carrier: Sen. Girod

Senate Committee On Business and Transportation

Action Date: 05/08/17

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 5-0-0-0

Yeas: 5 - Beyer, Girod, Monroe, Riley, Thomsen

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Patrick Brennan, LPRO Analyst

WHAT THE MEASURE DOES:

Establishes that a cause of action arising out of real estate appraisal activity must be commenced before applicable period of limitation or six years for the appraisal activity, whichever comes first. Provides exception in case of claim of fraud or misrepresentation. Applies to causes of action arising on or after measure's effective date.

ISSUES DISCUSSED:

- Synchronizing requirement with federal rules for realtors and appraisers
- Effect of proposed amendment
- Record retention procedures for appraisers
- Possible adjustment during 2018 Session
- Budget for Appraiser Certification and Licensure Board

EFFECT OF AMENDMENT:

Increases time frame following appraisal activity from five to six years.

BACKGROUND:

Real estate appraisers are liable for material defects contained within an appraisal that they perform. 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 in question may have been performed years before, the appraiser may no longer have the necessary records to defend themselves because, under the Uniform Standards of Professional Appraisal Practice, records must be retained for only five years. House Bill 2189-A specifies that action must be commenced within six years of the appraisal or an otherwise applicable period of limitation, whichever is earlier.