



Greater Oregon
Chapter

SUPPORT FOR HB 3218

Senate Committee on Business and General Government

April 23, 2019

Mr. Chair and Members of the Committee:

HB 3218 passed unanimously out of House Business and Labor Committee (with one absence) and was subsequently passed on the House floor. There was no opposition in committee.

Real estate appraisers are subject to a recordkeeping rule through our federal regulatory document, the Uniform Standards of Professional Appraisal Practice. By that rule appraisers must retain work files for five years after the completion of an appraisal project in most circumstances.

In the past, exposure to liability for an unlimited duration led to increased costs for appraisers, especially residential appraisers, and constituted a barrier to the field.

In the 2017 legislative session, the House Business and Labor Committee passed a version of HB 2189 which included a five year statute of limitations to match our federal recordkeeping rule. However, when the original version of the bill reached the Senate business committee, a friendly amendment to match real estate agents' limit of liability at six years was included in HB 2189-A. The Realtors asked for this amendment so the limit is seamless for the public. Both the Realtors and appraisers agreed to revisit this issue in a subsequent session to bring all those timelines together at five years.

After some consultation during the interim, the appraisers are bringing HB 3218 - with the Realtors' backing - to change the law regarding appraisers to five years as our original bill intended. The Realtors will run their own bill in the future if it becomes necessary. It was felt that one bill to cover both groups would mean an unwieldy relating clause.

In 2019, we are including a provision that was brought up by the Governor's Office when HB 2189-A was signed in 2017. Section 2 of HB 3218 now clarifies that it applies to state regulator investigations by the Appraiser Certification and Licensure Board as well as civil liability. Apparently, you must spell out that regulatory actions are included, and we didn't realize that when HB 2189 was drafted in 2017.

We encourage your "yes" vote on this simple bill – it is a correction that makes sense. A five year statute of limitations matches our federal recordkeeping rule, and it is what was passed in the House in 2017. The limitation in liability for appraisers would not apply to cases of fraud and misrepresentation, for which the 2-year discovery rule in ORS 12.110 continues to apply. Most appraisers are small businesses and a lawsuit, or the threat of a lawsuit, can be devastating.

Thanks for your consideration!

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