

HB 2189 STAFF MEASURE SUMMARY

Carrier: Rep. Fahey

House Committee On Business and Labor

Action Date: 03/13/17

Action: Do Pass.

Vote: 9-0-0-0

Yeas: 9 - Barreto, Bynum, Doherty, Evans, Fahey, Hack, Heard, Holvey, Kennemer

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Establishes that cause of action arising out of real estate appraisal activity must be commenced before applicable period of limitation or five years from real estate 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:

- 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 within five years of the appraisal or an otherwise applicable period of limitation, whichever is earlier.