
A BILL FOR AN ACT

RELATING TO REAL ESTATE APPRAISALS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 412, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§412: - Improper influence of real estate appraisers.

5 (a) A financial institution shall not improperly influence or
6 attempt to improperly influence the development, reporting,
7 result, or review of a real estate appraisal if the financial
8 institution's compensation is dependent on or affected by the
9 value conclusion generated by the appraisal.

10 (b) Subsection (a) shall not preclude a financial
11 institution from asking a real estate appraiser to do any of the
12 following:

13 (1) Consider additional, appropriate information relating
14 to the real property;

15 (2) Provide further detail, substantiation, or explanation
16 for the real estate appraiser's value conclusion; or

17 (3) Correct errors in the appraisal report.



1 (c) If a financial institution violates this section
2 within the course and scope of its duties, the commissioner may
3 pursue enforcement actions pursuant to article 2, part III and
4 order the financial institution to forfeit and pay an
5 administrative fine pursuant to article 2, part VI.

6 (d) Nothing in this section shall be construed to
7 authorize communications that are otherwise prohibited under
8 existing law.

9 (e) For purposes of this section, "improperly influence"
10 includes but is not limited to:

11 (1) Communications with the appraiser that suggest or
12 require an appraised value at or above a specific
13 dollar amount; and

14 (2) Communications that suggest or require the appraiser
15 to include or exclude specific comments or factors in
16 the appraisal."

17 SECTION 2. Chapter 454, Hawaii Revised Statutes, is
18 amended by adding a new section to be appropriately designated
19 and to read as follows:

20 **"§454- Improper influence of real estate appraisers.**

21 (a) No mortgage broker or solicitor shall improperly influence
22 or attempt to improperly influence the development, reporting,

1 result, or review of a real estate appraisal if the mortgage
2 broker's or solicitor's compensation is dependent on or affected
3 by the value conclusion generated by the appraisal.

4 (b) Subsection (a) shall not preclude a mortgage broker or
5 solicitor from asking a real estate appraiser to do any of the
6 following:

7 (1) Consider additional, appropriate information relating
8 to the real property;

9 (2) Provide further detail, substantiation, or explanation
10 for the real estate appraiser's value conclusion; or

11 (3) Correct errors in the appraisal report.

12 (c) Nothing in this section shall be construed to
13 authorize communications that are otherwise prohibited under
14 existing law.

15 (d) For purposes of this section, "improperly influence"
16 includes but is not limited to:

17 (1) Communications with the appraiser that suggest or
18 require an appraised value at or above a specific
19 dollar amount; and

20 (2) Communications that suggest or require the appraiser
21 to include or exclude specific comments or factors in
22 the appraisal."

1 SECTION 3. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun, before its effective date.

4 SECTION 4. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on January 1, 2050.



Report Title:

Real Estate Appraisal Reports; Improper Influence

Description:

Prohibits financial institutions and mortgage brokers from improperly influencing the reporting, result, or review of a real estate appraisal. Effective 01/01/2050. (SB2407 HD1)

