

Honolulu, Hawaii

March 20, 2008

RE: S.B. No. 2407  
S.D. 1  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2407, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO REAL ESTATE APPRAISALS,"

begs leave to report as follows:

The purpose of this bill is to strengthen the objectivity of real estate appraisers by prohibiting financial institutions and mortgage brokers or solicitors from improperly influencing the development, reporting, result, or review of a real estate appraisal, if compensation is affected by the appraisal.

The Hawaii Chapter of the Appraisal Institute and Hawaii Bankers Association testified in support of this bill. The Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs (DCCA) supported the intent of this measure. DCCA submitted additional comments.

Your Committee has amended this bill by:

- (1) Eliminating references to:
  - (A) Interests in a real estate transaction involving a real estate appraisal; and
  - (B) Coercion, extortion, and bribery as examples of improper influence prohibited by this bill;



- (2) Defining "improperly influence" as including:
  - (A) Communications with the appraiser that suggest or require an appraised value at or above a specific dollar amount; and
  - (B) Communications that suggest or require the appraiser to include or exclude specific comments or factors in the appraisal;
- (3) Eliminating the language in the mortgage broker or solicitor provision setting forth licensing sanctions and fines for violations, which are already provided in other statutes;
- (4) Clarifying that the provisions of this bill are not to be construed as authorizing communications that are otherwise prohibited by law;
- (5) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2407, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2407, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ROBERT N. HERKES, Chair



