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PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-FOURTH STATE LEGISLATURE
REGULAR SESSION, 2008

MONDAY, MARCH 10, 2008
2:00 P.M.

TESTIMONY ON SENATE BILL NO. 2407 S.D.1 – RELATING TO REAL ESTATE
APPRAISALS

TO THE HONORABLE ROBERT N. HERKES, CHAIR,
AND TO THE HONORABLE ANGUS L.K. MCKELVEY, VICE-CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Regulated Industries Complaints Office ("RICO") of the Department of
Commerce and Consumer Affairs appreciates the opportunity to testify regarding
Senate Bill No. 2407 S.D.1, Relating To Real Estate Appraisals. My name is Jo Ann
Uchida, RICO's Complaints and Enforcement Officer.

RICO supports the intent of this bill, which is to prohibit financial institutions and
mortgage brokers from improperly influencing the reporting or results of a real estate
appraisal. However, RICO has concerns about certain language in several parts of the
bill and addresses them as follows:

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1. RICO is concerned that the phrase "interest in a real estate transaction" on page 2, line 16-17 and page 3, line 2 is subject to varying interpretations and suggests that this phrase be clarified or otherwise defined.

2. The phrase "coercion, extortion, or bribery" on page 2, line 19 sets an extremely high threshold that would not be applicable in most cases. If the intent of the bill is to address other types of undue influence, the bill would need to be so revised.

3. Licensing sanctions and monetary fines for violations of Chapter 454, Hawaii Revised Statutes ("HRS"), are already set forth in §454-4, HRS, and §454-8, HRS, respectively, and in §92-17(b), HRS. Setting forth separate fines for violations of this bill is unnecessary and would create needless confusion. RICO suggests that this language be removed from the bill.

Thank you for this opportunity to testify on Senate Bill No. 2407 S.D.1. I will be happy to answer any questions that the members of the Committee may have.



HAWAII BANKERS ASSOCIATION

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Presentation to the House Committee on Consumer Protection and Commerce
Monday, March 10, 2008

2:00 p.m.

Conference Room 325

March 10, 2008

Testimony in opposition to SB 2407, SD 1 Relating to Real Estate Appraisals

TO: The Honorable Robert Herkes, Chair
Members of the House Committee on Consumer Protection and Commerce

I am Neal Okabayashi of First Hawaiian Bank and I testify on behalf of the Hawaii Bankers Association in support of SB 2407, SD 1. However, we do note that the prohibitions of this bill, which we support, may not have the desired effect because it doesn't address all parties who may be involved in a real estate transaction. It does focus on Hawaii lenders and mortgage brokers but clearly, there are other parties who may be as interested, if not more interested, in the appraisal valuation such as the buyer, seller and real estate agent. Thus, we suggest that a new chapter be created in the Hawaii Revised Statutes which governs the behavior of all persons with an interest in the appraisal valuation. We note that if a new chapter is not created, while existing drafts of the mortgage broker bills do address coercion and untoward behavior of appraisers, the language is inconsistent so we should remember to make the language in the mortgage broker bills consistent with the language in this bill.