

STAND. COM. REP. NO.

1369

Honolulu, Hawaii

APR 16 2009

RE: S.C.R. No. 53
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred
S.C.R. No. 53 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO
CONDUCT A REVIEW OF THE REGULATION OF REAL ESTATE APPRAISAL
MANAGEMENT COMPANIES,"

begs leave to report as follows:

The purpose of this measure is to request the State Auditor
to conduct a sunrise review of the regulation of real estate
appraisal management companies.

Your Committee received five written comments on this
measure. The written comments may be reviewed on the
Legislature's website.

Your Committee finds that during the national rise in housing
prices from 2002 to 2007, some real estate and financial companies
used deceptive tactics to sell mortgages to people who could not
afford home ownership. These activities contributed to the
subprime mortgage disaster that has crippled the national and
state economies and caused many people to lose their homes to
foreclosure. In some cases, real estate appraisals were prepared
in such a way as to meet lender requirements rather than reflect
the actual value of the property being financed.

Your Committee further finds that unlike regulated real
estate appraisers, real estate appraisal companies are not subject
to regulation. Your Committee believes that a sunrise review

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conducted by the State Auditor would be beneficial to determine whether real estate appraisal companies require the same level of regulation as other real estate and financial professionals and institutions in order to protect consumers from deceptive practices.

Your Committee has amended this measure by making technical amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 53, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 53, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DONNA MERCADO KIM, Chair



