STAND. COM. REP. NO. 1369

Honolulu, Hawaii

APR 1 6 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

## The Senate Twenty-Fifth Legislature State of Hawaii

## Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*  SUL 53	COMMITTEE	Referral:	Da Z	te: V-G-4	009
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)					
TSUTSUI, Shan S. (VC)					
CHUN OAKLAND, Suzanne					
ENGLISH, J. Kalani					
FUKUNAGA, Carol				Parada	According to the second
GALUTERIA, Brickwood					
HEE, Clayton					
HOOSER, Gary L.					
KIDANI, Michelle N. KOKUBUN, Russell S.					
TOKUDA, Jill N.					
HEMMINGS, Fred					
TOTAL		9			3
Recommendation:  Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution:         Original         Yellow         Pink         Goldenrod           File with Committee Report         Clerk's Office         Drafting Agency         Committee File Copy					

<sup>\*</sup>Only one measure per Record of Votes