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**PRESENTATION OF THE
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-FIFTH LEGISLATURE
Regular Session of 2009

Wednesday, February 4, 2009
2:00 p.m.

TESTIMONY ON HOUSE BILL NO. 1602, RELATING TO APPRAISALS.

TO THE HONORABLE ROBERT N. HERKES, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Alan Taniguchi, Executive Officer for the Real Estate Appraiser Program, Professional and Vocational Licensing Division ("PVLD") of the Department of Commerce and Consumer Affairs ("Department"). Thank you for the opportunity to present testimony on House Bill No. 1602, Relating to Appraisals. The Department opposes this bill.

This bill seeks to require a real estate appraiser to comply with the Uniform Standards of Appraisal Practice (USPAP) when acting as an appraiser in an arbitration to determine the fair market value of real estate.

When a real estate appraiser is appointed as an arbitrator, the appraiser is acting as the arbitrator. Usually, both sides hire their own appraisers as expert witnesses. These expert witnesses are required by state statute to follow USPAP if they perform an appraisal. The arbitrator listens to all the testimony and reviews the evidence presented. The arbitrator does not perform an appraisal. For these reasons, we feel that this bill is unnecessary.

Thank you for the opportunity to testify and we ask that this bill be held.



HAWAII BANKERS ASSOCIATION

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Presentation to the House Committee on Consumer Protection & Commerce
Wednesday, February 4, 2009, at 2:00 p.m.

Testimony for HB 1602 Relating to Appraisals

TO: The Honorable Robert N. Herkes, Chair
The Honorable Glenn Wakai, Chair
Members of the House Committee on Consumer Protection & Commerce

My name is Gary Fujitani, Executive Director of the Hawaii Bankers Association (HBA), testifying for the Association. HBA is the trade association representing Hawaii FDIC insured depository financial institutions. We support the bill as introduced.

The *Uniform Standards of Professional Appraisal Practice* (USPAP) are the generally accepted standards for professional appraisal practice in North America. USPAP contains standards for all types of appraisal services. Standards are included for real estate, personal property, business and mass appraisal.

The purpose of USPAP is to promote and maintain a high level of public trust in appraisal practice by establishing uniform requirements for appraisers. USPAP was adopted by the Appraisal Standards Board of the Appraisal Foundation on January 30, 1989.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 recognize USPAP as the generally accepted appraisal standards and require USPAP compliance for appraisers in federally related transactions. State Appraiser Certification and Licensing Boards; federal, state, and local agencies, appraisal services; and appraisal trade associations require compliance with USPAP.

For these reasons, HBA supports this bill.