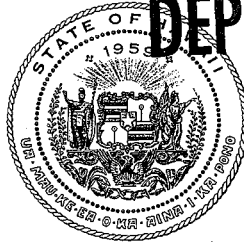


STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
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DEPT. COMM. NO. 88

MARION M. HIGA
State Auditor

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September 21, 2010

The Honorable Colleen Hanabusa
President of the Senate
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President:

I transmit to you a copy of our report, *Sunrise Analysis: Real Estate Appraisal Management Companies*.

An appraisal management company is a business entity that, for a fee, administers a network of independent appraisers to fulfill real estate appraisal assignments on behalf of mortgage lending institutions (lenders). Senate Bill No. 1606 of the 2009 legislative session, which proposes to regulate appraisal management companies (AMCs), is not warranted under Hawai'i's strict sunrise criteria. However, because of sweeping changes to federal law, the Department of Commerce and Consumer Affairs, Professional and Vocational Licensing Division, must expand the current Real Estate Appraiser Program established under Section 466K, Hawai'i Revised Statutes, to regulate AMCs within three years *after* federal rules are finally adopted.

We hope that the report will assist you in reviewing the issues examined. We will place the report on our website, www.state.hi.us/auditor, and release it to the public and press, on Wednesday, September 22, 2010.

Sincerely,

Mar Marion M. Higa
State Auditor

Enclosure

c: ✓ Carol Taniguchi, Senate Clerk