

STAND. COM. REP. NO.

175

Honolulu, Hawaii

Feb 10, 2011

RE: H.B. No. 320
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 320 entitled:

"A BILL FOR AN ACT RELATING TO BROKER PRICE OPINIONS,"

begs leave to report as follows:

The purpose of this bill is to allow licensed real estate broker and real estate sales persons to prepare broker price opinions (BPO) for transactions where an actual appraisal is not required.

The Hawaii Association of REALTORS supported this measure. The Appraisal Institute supported the bill and suggested amendments. The Hawaii Bankers Association supported the intent of the bill. The Hawaii Real Estate Commission (Commission) provided comments.

A BPO can provide an estimate of the probable selling price of a property based on the selling prices of comparable properties in the area. They are frequently used to show sellers and buyers what similar homes have sold for and to assist the seller in determining a listing price. With the recent increase in home foreclosures, loan modifications, and short sales, BPOs have become an increasingly important tool.

Your Committee has amended this bill by inserting the suggestions of the Appraisal Institute including:

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- (1) Additional information that must be included in a BPO;
- (2) A requirement that a BPO be in writing and conform to national standards; and
- (3) A mandate that the Commission standardize BPOs by adopting rules consistent with national standards and guidelines.

The bill was also amended to prevent those who are already involved in a sale, and who will receive compensation from that sale, from charging for a BPO.

Your Committee also made technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 320, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 320, H.D. 1, and be referred to the Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



