

Honolulu, Hawaii

March 24, 2011

RE: S.B. No. 154
S.D. 1
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 S.B. No. 154, S.D. 1, 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 real estate licensees to provide broker price opinions only when an appraisal is not required by law or otherwise.

The Hawaii Association of REALTORS® and the Hawaii Chapter of the Appraisal Institute supported this bill. The Department of Commerce and Consumer Affairs and the Hawaii Financial Services Association supported the intent of this measure.

After discussions with the stakeholders in this matter, your Committee amended the bill, taking into account the consensus reached by the stakeholders, by, among other things:

- (1) Limiting the use of a broker price opinion to use by:
 - (A) An existing or potential seller to list and sell real estate;
 - (B) An existing or potential buyer of real estate;



- (C) A third party to determine the estimated potential listing, offering, sale, exchange, option, lease, or acquisition price of real estate; or
 - (D) An existing or potential lien holder;
- (2) Requiring that a broker price opinion provided for compensation must be in writing and include:
- (A) A statement of the purpose of the price opinion;
 - (B) The basis of reasoning used to reach the price opinion;
 - (C) Disclosure of existing or contemplated interest of the broker or sales person issuing the opinion; and
 - (D) A specific disclosure statement that the opinion is not an appraisal;
- and
- (3) Inserting a provision that a broker price opinion may not be used as an appraisal into Chapter 466K, Hawaii Revised Statutes, relating to real estate appraisers.

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 S.B. No. 154, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 154, S.D. 1, 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



