

# HAWAII FINANCIAL SERVICES ASSOCIATION

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March 1, 2011

Rep. Gilbert S.C. Keith-Agaran, Chair,  
and members of the House Committee on Judiciary  
Hawaii State Capitol  
Honolulu, Hawaii 96813

LATE TESTIMONY

Re: **House Bill 320, HD 1 (Broker Price Opinions)**  
**Hearing Date/Time: Tuesday, March 1, 2011, 2:00 P.M.**

I am the attorney for the **Hawaii Financial Services Association** ("HFSA"). The HFSA is a trade association for Hawaii's consumer credit industry. Its members include Hawaii financial services loan companies (which make mortgage loans and other loans, and which are regulated by the Hawaii Commissioner of Financial Institutions), mortgage lenders, and financial institutions.

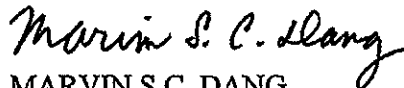
**The HFSA supports the intent of this Bill.**

The purpose of this Bill is to permit a licensed real estate broker or real estate salesperson to prepare broker price opinions ("BPOs") for use in real estate transactions where an appraisal is not required by law or otherwise.

Mortgage lenders use BPOs in situations where appraisals are not required by law. An appraisal, and not a BPO, is used at the "front end" of a mortgage loan when the loan is originated or made.

However, BPOs are an important tool for mortgage lenders at the "back end" when loans are in default or when loss mitigation is needed. Appraisals are not required, and BPOs are used when mortgage lenders need to consider whether to approve a short sale proposal of a borrower; when lenders need to determine whether to approve the terms of a loan modification; when lenders need to decide how much to bid at a foreclosure auction; and when lenders need to resell a real estate owned ("REO") property that was acquired at a foreclosure sale.

Thank you for considering our testimony.



MARVIN S.C. DANG

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(MSCD/hfsa)