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# A BILL FOR AN ACT

RELATING TO ARBITRATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 658A, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§658A-           Real property appraisals. (a) In an  
5 arbitration proceeding to determine the fair market value, fair  
6 market rental, or fair and reasonable rent of real property, the  
7 lessor and lessee shall each select an arbitrator who is a real  
8 estate appraiser licensed or certified under chapter 466K, who  
9 then shall jointly select a third arbitrator from the list of  
10 appraisers provided by the department of commerce and consumer  
11 affairs pursuant to subsection (d).

12           (b) The jointly selected third arbitrator shall review the  
13 appraisal valuations prepared by the arbitrators selected by the  
14 lessor and lessee and prepare an appraisal report setting forth  
15 the final valuation.

16           (c) If the lessor or lessee fails to select an appraiser,  
17 the selection shall be made by a judge sitting in the circuit in  
18 which the land is located. The lessor and lessee shall be



1 responsible for the cost of their respective appraisers, and the  
2 cost of the third appraiser shall be shared equally by the  
3 lessor and lessee.

4 (d) For an arbitration proceeding to determine the fair  
5 market value, fair market rental, or fair and reasonable rent of  
6 real property, the department of commerce and consumer affairs  
7 shall provide the lessor and lessee with a list of real estate  
8 appraisers whom the department has determined:

9 (1) Are licensed or certified under chapter 466K;

10 (2) Have not provided any appraisal services for either  
11 the lessor or lessee and do not have any conflicts of  
12 interest in the outcome of the arbitration; and

13 (3) Are unbiased;

14 provided that if the department of commerce and consumer affairs  
15 is unable to identify a sufficient number of qualified real  
16 estate appraisers in this State, the department may add to the  
17 list real estate appraisers who are licensed or certified in  
18 another jurisdiction and satisfy the requirements of paragraphs  
19 (2) and (3).

20 (e) The department of commerce and consumer affairs may  
21 adopt rules pursuant to chapter 91 necessary for the purposes of  
22 this section.



1        (f) As used in this section "unbiased" means having no  
2 known, direct, and material interest in the outcome of the  
3 arbitration proceeding or no known, existing, and substantial  
4 relationship with a party."

5        SECTION 2. New statutory material is underscored.

6        SECTION 3. This Act shall take effect on July 1, 2112.



**Report Title:**

Arbitration; Real Property; Appraisers; DCCA

**Description:**

Establishes a process by which licensed or certified, unbiased real estate appraisers are used for arbitration proceedings to determine the fair market value, fair market rental, or fair and reasonable rent of real property. Requires the Department of Commerce and Consumer Affairs to provide a list of appraisers meeting certain criteria. Effective July 1, 2112. (HB1830 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

