

STAND. COM. REP. NO.

709

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 50
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 50, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO APPRAISAL MANAGEMENT COMPANIES,"

begs leave to report as follows:

The purpose of this measure is to establish within the Department of Commerce and Consumer Affairs an Appraisal Management Company Registration Program to ensure that appraisal management companies in Hawaii conform to minimum regulatory standards under federal law.

The Hawaii Association of Realtors, Hawaii Financial Services Association, Real Estate Valuation Advocacy Association, Mortgage Bankers Association of Hawaii, and a concerned individual testified in support of this measure. The Hawaii Credit Union League and Hawaii Bankers Association testified in support of the intent of this measure. The Division of Financial Institutions, Division of Professional and Vocational Licensing, and the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs provided comments.

Your Committee has amended this measure by, among other things:

HB50 HD2 HSCR CPC HMS 2017-2309



- (1) Expanding the definitions of "appraisal management service", "appraisal review", "dwelling", and "Uniform Standards of Professional Appraisal Practice" to strengthen and clarify consumer protections;
- (2) Correcting various references to federal statutes;
- (3) Deleting language authorizing the Director of Commerce and Consumer Affairs (Director) to appoint members to an advisory committee;
- (4) Clarifying persons exempt from registration requirements applicable to appraisal management companies;
- (5) Establishing penalties and fines for violations of registration requirements or violations involving misrepresentation, including civil remedies for injunction and damages;
- (6) Expressly stating that an appraisal management company is required to verify that an appraiser receiving an assignment meets the competency rule of the Uniform Standards of Professional Appraisal Practice;
- (7) Establishing prohibitions on acts or practices that violate appraiser independence;
- (8) Clarifying that the Director has the authority to take disciplinary actions for certain additional violations;
- (9) Establishing specific application, registration, and CRF fees, as well as a special assessment fee;
- (10) Establishing federal registry requirements;
- (11) Allowing the Department of Commerce and Consumer Affairs to conduct criminal history record checks on certain individuals with connections to appraisal management companies;
- (12) Repealing the requirements for the appraisal management company on June 30, 2023;



- (13) Appropriating out of the Compliance Resolution Fund for the implementation of the appraisal management company registration program;
- (14) Inserting a savings clause; and
- (15) Making 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. 50, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 50, H.D. 2.

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



ANGUS L.K. MCKELVEY, Chair



