

Honolulu, Hawaii

FEB 06 , 2024

RE: H.B. No. 2641  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred H.B. No. 2641 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Reestablish the Appraisal Management Company Registration Program within the Department of Commerce and Consumer Affairs;
- (2) Apply registration requirements retroactively to June 30, 2023; and
- (3) Appropriate funds.

Your Committee received testimony in support of this measure from the Hawai'i Association of REALTORS; Real Estate Valuation Advocacy Association; Hawaii Financial Services Association; Solidifi US Inc.; Hawaii Bankers Association; Mortgage Bankers Association of Hawaii; Hawaii Credit Union League; and Appraisal Institute. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.



Your Committee finds that appraisal management companies serve as an intermediary between lenders and appraisers, assisting lenders in obtaining appraisals by providing appraisal management services, including contracting with licensed appraisers to perform appraisal assignments, in a manner that is compliant with federal and state laws. The Legislature enacted Act 118, Session Laws of Hawaii 2017, which established the Appraisal Management Company Registration Program to regulate appraisal management companies in the State. However, the program was repealed on June 30, 2023. This measure reestablishes the program, ensuring that appraisal management companies continue to be regulated in the State and that residents and lenders have more choices in the residential appraisal process.

Your Committee has amended this measure by:

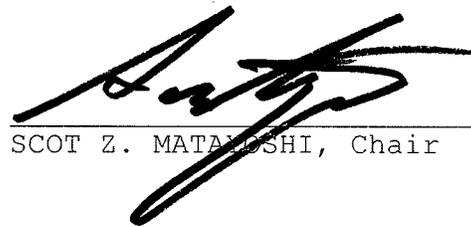
- (1) Deleting language relating to compliance with the federal Dodd-Frank Wall Street Reform and Consumer Protection Act;
- (2) Enabling the Department of Commerce and Consumer Affairs to employ necessary personnel to assist with the implementation of the Appraisal Management Company Registration Program;
- (3) Appropriating funds out of the Compliance Resolution Fund, rather than the general fund, for fiscal years 2023-2024 and 2024-2025 for the implementation of the Program;
- (4) Limiting implementation of the measure to only the extent it is not in conflict with any federal law;
- (5) Specifying that the Program shall commence on September 30, 2024;
- (6) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Government Operations that is attached to



this report, your Committee is in accord with the intent and purpose of H.B. No. 2641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2641, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Government  
Operations,



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SCOT Z. MATAYOSHI, Chair



Record of Votes of the Committee on Labor & Government Operations

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|--|---|------------------------|
| Bill/Resolution No.:<br><b>HB 2641</b> | Committee Referral:<br><b>LGO CFC/FIN</b> | Date:<br><b>2/2/24</b> |
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The committee is reconsidering its previous decision on the measure.

The recommendation is to:     Pass, unamended (as is)     Pass, with amendments (HD)     Hold  
 Pass short form bill with HD to recommit for future public hearing (recommit)

| LGO Members                    | Ayes     | Ayes (WR) | Nays     | Excused  |
|--------------------------------|----------|-----------|----------|----------|
| 1. MATAYOSHI, Scot Z. (C)      | ✓        |           |          |          |
| 2. GARRETT, Andrew Takuya (VC) | ✓        |           |          |          |
| 3. KAPELA, Jeanne              | ✓        |           |          |          |
| 4. MARTINEZ, Rose              | ✓        |           |          |          |
| 5. SAYAMA, Jackson D.          | ✓        |           |          |          |
| 6. TAM, Adrian K.              | ✓        |           |          |          |
| 7. ALCOS III, David            |          |           |          | ✓        |
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| <b>TOTAL (7)</b>               | <b>6</b> | <b>—</b>  | <b>—</b> | <b>1</b> |

The recommendation is:     Adopted     Not Adopted  
 If joint referral, \_\_\_\_\_ did not support recommendation.  
committee acronym(s)

Vice Chair's or designee's signature: 

Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO