

Honolulu, Hawaii

FEB 16, 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 Consumer Protection & Commerce, to which was referred H.B. No. 2641, 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:

- (1) Reestablish the Appraisal Management Company Registration Program within the Department of Commerce and Consumer Affairs to begin on September 30, 2024; and
- (2) Appropriate funds.

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

Your Committee finds that Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203 (Dodd-Frank Act) to help restore independence to the appraisal process by separating the lending process and appraisal functions



and requiring these functions to be autonomous. Pursuant to the mandate within the Dodd-Frank Act, federal agencies promulgated regulations that, among other things, specified that if a state failed to adopt minimum requirements by August 10, 2018, then certain non-federally regulated appraisal management companies would be barred from providing appraisal management services for federally related transactions in that state.

Your Committee further finds that to meet the deadline established by the federal regulations, the State enacted Act 118, Session Laws of Hawaii 2017 (Act 118). Act 118 established a regulatory framework that conformed with the minimum regulatory requirements under the federal regulations and the Dodd-Frank Act. Additionally, Act 118 required the Auditor to conduct a sunset analysis on the regulation of appraisal management companies in the State and to submit a report to the Legislature before the Regular Session of 2023 and provided that the regulatory framework would repeal on June 30, 2023. With no intervening legislation to remove the sunset, the regulatory framework established by Act 118 was repealed. This measure reestablishes the regulatory framework of Act 118 and allows consumers in the State to have access to out-of-state lenders.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider an appropriation amount of \$23,000 for each fiscal year.

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. 2641, H.D. 1, and recommends that it be referred to your Committee on Finance.

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


MARK M. NAKASHIMA, Chair



