

JAN 24 2024

A BILL FOR AN ACT

RELATING TO APPRAISAL MANAGEMENT COMPANIES.

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

1 SECTION 1. The legislature finds that appraisal management
2 companies, commonly referred to as AMCs, are not appraisers.
3 Instead, appraisal management companies serve as an intermediary
4 between lenders and appraisers. Appraisal management companies
5 assist lenders in obtaining appraisals by providing appraisal
6 management services, including contracting with licensed
7 appraisers to perform appraisal assignments, in a manner that is
8 compliant with federal and state laws.

9 The legislature also finds that in 2017, the Hawaii
10 legislature determined that it was necessary to create a
11 regulatory framework for appraisal management companies to
12 conform with the Dodd-Frank Wall Street Reform and Consumer
13 Protection Act, Pub. L. No. 111-203 (Dodd-Frank Act), and that
14 doing so was essential to protect consumers. For the regulation
15 of appraisal management companies, the Dodd-Frank Act helped to
16 restore independence to the appraisal process by separating the
17 lending process and the appraisal functions. Among other



1 things, the Dodd-Frank Act required federal regulatory agencies
2 to promulgate rules that established minimum requirements for
3 state registration and supervision of appraisal management
4 companies. The appraisal management companies final rule of the
5 Dodd-Frank Act became effective on August 10, 2015, and outlined
6 certain minimum registration and oversight requirements for each
7 state to adopt. While states were not required to enact
8 appraisal management company registration and supervision, if a
9 state did not do so by August 10, 2018, certain appraisal
10 management companies would be barred from providing appraisal
11 management services for federally related transactions in that
12 state.

13 The legislature also finds that in 2017, the legislature
14 determined that failure to adopt regulations for appraisal
15 management companies could have unintended and adverse
16 consequences for Hawaii consumers since a large source of
17 Hawaii's funding for residential mortgages, which frequently
18 uses appraisal management companies, comes from outside the
19 State. If conforming legislation is not enacted, direct lending
20 for residential mortgages from outside Hawaii could be put at
21 risk, resulting in a shortage of mortgage availability. The



1 legislature recognized that the potential restriction in lending
2 capital could make home affordability more elusive for Hawaii
3 residents and could adversely impact homeownership for many
4 families.

5 The legislature also finds that based on those
6 determinations, the legislature enacted Act 118, Session Laws of
7 Hawaii 2017, codified as chapter 466L, Hawaii Revised Statutes,
8 which established the appraisal management company registration
9 program (AMC registration program). The AMC registration
10 program was administered by the director of commerce and
11 consumer affairs and applied to companies that oversee an
12 appraisal panel of more than fifteen appraisers in a state, or
13 twenty-five or more appraisers in two or more states. An
14 appraisal management company that meets this size threshold was
15 required to register to directly or indirectly engage or attempt
16 to engage in business as an appraisal management company,
17 perform appraisal management services, or advertise or hold
18 itself out as engaging in or conducting business as an appraisal
19 management company.

20 The legislature additionally finds that pursuant to
21 section 26H-4, Hawaii Revised Statutes, chapter 466L, Hawaii



1 Revised Statutes, was repealed on June 30, 2023. Prior to that
2 date, the Hawaii Regulatory Licensing Reform Act, codified in
3 chapter 26H, Hawaii Revised Statutes, required the office of the
4 auditor to provide an assessment of whether chapter 466L should
5 be reenacted, modified, or permitted to expire and to evaluate
6 the effectiveness and efficiency of the AMC registration
7 program.

8 The legislature additionally finds that in January 2023,
9 the auditor completed report no. 23-01, "Sunset Evaluation:
10 Regulation of Appraisal Management Companies" (auditor's
11 report), and submitted it to the governor and the legislature.
12 The auditor's report concluded that the Hawaii Regulatory
13 Licensing Reform Act does not support the regulation of
14 appraisal management companies because appraisal management
15 companies are not individuals practicing a "profession" or
16 "vocation" since appraisal management companies are
17 organizations or business entities. The auditor's report also
18 concluded that the work performed by appraisal management
19 companies does not reasonably affect the health, safety, or
20 welfare of the consumers of appraisal management companies'
21 services.



1 The legislature additionally finds that despite those
2 conclusions, the auditor's report nevertheless did not recommend
3 repealing the AMC registration program. The auditor's report
4 instead separately concluded "there are public interest reasons
5 for the Legislature to reenact Chapter 466L, [Hawaii Revised
6 Statutes]." The auditor's report also stated that if Hawaii's
7 AMC registration program is not reenacted, Hawaii would be the
8 only state, including the District of Columbia, without an AMC
9 registration program. If Hawaii's AMC registration program is
10 repealed, appraisal management companies in Hawaii may be barred
11 from providing appraisal management services for some federally
12 related transactions. The auditor's report noted that mortgage
13 loan debt comprises the largest share of total consumer debt in
14 Hawaii and "it may be helpful to provide additional lending
15 options to the general public." The auditor's report further
16 stated that "the public interest supports continuing the AMC
17 registration program to allow AMCs to provide the appraisal
18 management services for federally related transactions in the
19 State."

20 The legislature further finds that the auditor's report
21 noted that, as of September 2022, there were seventy-seven



1 active appraisal management companies registered in the AMC
2 registration program. The AMC registration program remained
3 statutorily unchanged from its creation in 2017 until its repeal
4 on June 30, 2023.

5 The legislature further finds that, notwithstanding the
6 auditor's report in January 2023, there was no legislation
7 introduced during the regular session of 2023 to reenact chapter
8 466L, Hawaii Revised Statutes, by either extending or removing
9 the repeal date. On August 29, 2023, appraisal management
10 company registrants in Hawaii were notified by the department of
11 commerce and consumer affairs by mail that regulation and
12 licensure of appraisal management companies ceased on June 30,
13 2023.

14 The legislature additionally finds that the repeal of
15 Hawaii's AMC registration program on June 30, 2023, has had
16 adverse consequences for Hawaii consumers and others involved in
17 the residential appraisal process in Hawaii. Because of the
18 registration of appraisal management companies in forty-nine
19 states and the District of Columbia, lenders in those other
20 jurisdictions can utilize an appraisal management company to
21 facilitate a residential appraisal for both a federally related



1 transaction and a non-federally related transaction. However,
2 lenders that serve Hawaii mortgage consumers, and have
3 outsourced the responsibility to an appraisal management company
4 to facilitate an appraisal assignment, can no longer use an
5 appraisal management company to perform an appraisal for a
6 federally related transaction in Hawaii.

7 The legislature additionally finds that Title 12 United
8 States Code section 3350 defines a "federally related
9 transaction" as "any real estate-related financial transaction
10 which-

11 (A) A federal financial institutions regulatory agency or
12 the Resolution Trust Corporation engages in, contracts
13 for, or regulates; and

14 (B) Requires the services of an appraiser."

15 The legislature additionally finds that a non-federally
16 related transaction is generally a conforming mortgage that
17 meets the dollar limits set by the Federal Housing Finance
18 Agency and the funding criteria of the Federal National Mortgage
19 Association, commonly known as Fannie Mae, and the Federal Home
20 Loan Mortgage Corporation, commonly known as Freddie Mac.



1 The legislature additionally finds that, in contrast to a
2 non-federally related transaction, a federally related
3 transaction is generally a nonconforming mortgage that does not
4 meet the guidelines of government-sponsored enterprises, such as
5 Fannie Mae and Freddie Mac, and, therefore, cannot be sold to
6 them. These loans either stay in the lender's portfolio or are
7 sold to entities specializing in the secondary market for
8 nonconforming loans. Other federally related transactions
9 include residential transactions not insured by a government
10 agency such as the United States Department of Veterans Affairs,
11 Federal Housing Administration, United States Department of
12 Agriculture; home loans over \$1,149,825; homes in Hawaii located
13 in high-risk lava zones; complex loans; default portfolios; and
14 some alternative valuations. Property type may determine if a
15 mortgage is nonconforming and, therefore, a federally related
16 transaction. For example, a condominium apartment could be
17 nonconforming because the condominium project is considered
18 non-warrantable. That includes condominium associations in
19 which a single entity, such as a developer, owns more than ten
20 per cent of the units or if a majority of the units are not
21 owner-occupied. Condominiums could also be nonconforming



1 because they are uninsurable or underinsured for wind or
2 hurricane coverage.

3 The legislature additionally finds that deregulation and
4 non-registration of appraisal management companies may mean
5 fewer choices and less competition among lenders for Hawaii
6 consumers if some lenders choose not to provide mortgage loans
7 that are federally related transactions. Further, this
8 deregulation and non-registration of appraisal management
9 companies could impact the cost of appraisals to cover expenses
10 to reverse appraisal management company outsourcing. Although
11 lenders in Hawaii might still use an appraisal management
12 company for a non-federally related transaction, those appraisal
13 management companies will no longer be regulated by the State to
14 mediate issues or complaints.

15 Accordingly, the purpose of this Act is to retroactively
16 reenact, as a new chapter of the Hawaii Revised Statutes, the
17 version of the AMC registration program that originally existed
18 within the department of commerce and consumer affairs under
19 chapter 466L, Hawaii Revised Statutes.



1 SECTION 2. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 "CHAPTER

5 APPRAISAL MANAGEMENT COMPANIES

6 § -1 Findings and purpose. The legislature finds that
7 the regulation of appraisal management companies is essential to
8 protect consumers. The legislature further finds that it is
9 necessary to establish a regulatory framework for appraisal
10 management companies in the State in conformity with the
11 requirements of the Dodd-Frank Wall Street Reform and Consumer
12 Protection Act, Pub. L. No. 111-203, and the final regulations
13 published on June 9, 2015, at title 12 Code of Federal
14 Regulations, sections 1222.20, et seq., 80 Federal Register
15 32657 et seq. The purpose of this chapter is to establish
16 minimum requirements for the regulation of certain nonfederally
17 regulated appraisal management companies.

18 § -2 Definitions. As used in this chapter, unless the
19 context otherwise requires:



1 "Affiliate" has the same meaning as defined under title 12
2 United States Code section 1841, or any successor federal
3 statute.

4 "AMC national registry" means the registry of
5 state-registered appraisal management companies and federally
6 regulated appraisal management companies maintained by the
7 Appraisal Subcommittee.

8 "Appraisal management company" means a person that:

- 9 (1) Provides appraisal management services to creditors or
10 secondary mortgage market participants, including
11 affiliates;
- 12 (2) Provides appraisal management services in connection
13 with valuing a consumer's principal dwelling as
14 security for a consumer credit transaction or
15 incorporating these transactions into securitizations;
16 and
- 17 (3) Within a twelve-month calendar year, beginning January
18 1 of each year and ending on December 31 of each year,
19 oversees an appraiser panel of more than fifteen
20 state-certified or state-licensed appraisers in a
21 state or twenty-five or more state-certified or



1 state-licensed appraisers in two or more states, as
2 described in section -5.

3 "Appraisal management company" does not include a department or
4 division of an entity that provides appraisal management
5 services only to that entity.

6 "Appraisal management services" means one or more of the
7 following:

- 8 (1) Recruiting, selecting, and retaining appraisers;
- 9 (2) Contracting with state-certified or state-licensed
10 appraisers to perform appraisal assignments;
- 11 (3) Managing the process of having an appraisal performed,
12 including providing administrative services such as
13 receiving appraisal orders and appraisal reports,
14 submitting completed appraisal reports to creditors
15 and secondary market participants; collecting fees
16 from creditors and secondary market participants for
17 services provided; and paying appraisers for services
18 performed; and
- 19 (4) Reviewing and verifying the work of appraisers.

20 "Appraisal review" means the process of developing and
21 communicating an opinion about the quality of another



1 appraiser's work that was performed as part of an appraisal
2 assignment or appraisal review assignment related to the
3 appraiser's data collection, analysis, opinions, conclusions,
4 estimate of value, or compliance with the Uniform Standards of
5 Professional Appraisal Practice. "Appraisal review" does not
6 include:

7 (1) A general examination for grammatical, typographical,
8 mathematical, or other similar errors; or

9 (2) A general examination for completeness, including
10 regulatory or client requirements as specified in the
11 agreement process, that does not communicate an
12 opinion of value.

13 "Appraisal Subcommittee" means the Appraisal Subcommittee
14 of the Federal Financial Institutions Examination Council
15 created pursuant to title XI of the federal Financial
16 Institutions Reform, Recovery, and Enforcement Act of 1989.

17 "Appraiser panel" means a network, list, or roster of
18 licensed or certified appraisers approved by an appraisal
19 management company to perform appraisals as independent
20 contractors for the appraisal management company. As used in
21 this definition, "licensed or certified appraiser approved by an



1 appraisal management company to perform appraisals as
2 independent contractors for the appraisal management company":

3 (1) Means an appraiser that is treated as an independent
4 contractor by the appraisal management company for
5 purposes of federal income taxation; and

6 (2) Includes:

7 (A) Appraisers accepted by the appraisal management
8 company for consideration for future appraisal
9 assignments in covered transactions or for
10 secondary mortgage market participants in
11 connection with covered transactions; and

12 (B) Appraisers engaged by the appraisal management
13 company to perform one or more appraisals in
14 covered transactions or for secondary mortgage
15 market participants in connection with covered
16 transactions.

17 "Consumer credit" means credit offered or extended to a
18 consumer primarily for personal, family, or household purposes.

19 "Controlling person" means:

20 (1) An officer, director, or owner of greater than a ten
21 per cent interest of a corporation, partnership, or



1 other business entity seeking to act as an appraisal
2 management company in the State;

3 (2) An individual employed, appointed, or authorized by an
4 appraisal management company who has the authority to:

5 (A) Enter a contractual relationship with other
6 persons for performance of services requiring
7 registration as an appraisal management company;
8 and

9 (B) Enter agreements with appraisers for the
10 performance of appraisals; or

11 (3) An individual who possesses, directly or indirectly,
12 the power to direct or cause the direction of the
13 management or policies of an appraisal management
14 company.

15 "Covered transaction" means any consumer credit transaction
16 secured by the consumer's principal dwelling.

17 "Creditor" means a person who regularly extends consumer
18 credit that is subject to a finance charge or is payable by
19 written agreement in more than four installments (not including
20 a down payment) and to whom the obligation is initially payable,
21 either on the face of the note or contract, or by agreement when



1 there is no note or contract. As used in this definition,
2 "regularly extends consumer credit" means that either:

3 (1) A person has extended credit (other than credit
4 subject to the requirements of title 12 Code of
5 Federal Regulations section 1026.32) more than five
6 times for transactions secured by a dwelling in the
7 preceding calendar year; provided that if the person
8 did not meet these numerical standards in the
9 preceding calendar year, the numerical standards shall
10 be applied to the current calendar year; or

11 (2) In any twelve-month period, a person extends more than
12 one credit extension that is subject to the
13 requirements of title 12 Code of Federal Regulations
14 section 1026.32 or one or more credit extensions
15 through a mortgage broker.

16 "Department" means the department of commerce and consumer
17 affairs.

18 "Director" means the director of commerce and consumer
19 affairs.

20 "Dwelling" means a residential structure that contains one
21 to four units, whether or not that structure is attached to real



1 property. "Dwelling" includes an individual condominium unit,
2 cooperative unit, mobile home, and trailer, if it is used as a
3 residence.

4 "Federally regulated appraisal management company" means an
5 appraisal management company that is owned and controlled by an
6 insured depository institution, as defined in title 12 United
7 States Code section 1813, and regulated by the Office of the
8 Comptroller of the Currency, the Board of Governors of the
9 Federal Reserve System, or the Federal Deposit Insurance
10 Corporation.

11 "Federally related transaction" means any real
12 estate-related financial transaction that involves an insured
13 depository institution regulated by the Office of the
14 Comptroller of the Currency, Board of Governors of the Federal
15 Reserve System, Federal Deposit Insurance Corporation, or
16 National Credit Union Administration, and that requires the
17 services of an appraiser under the interagency appraisal rules.

18 "Person" means a natural person or an organization,
19 including a corporation, partnership, proprietorship,
20 association, cooperative, estate, trust, or government unit.



1 "Principal dwelling" means the sole dwelling used by the
2 consumer as the consumer's only or main residence. "Principal
3 dwelling" includes any new dwelling bought or built by a
4 consumer that will become the consumer's principal dwelling
5 within a year or upon the completion of construction.

6 "Principal dwelling" does not include vacation or other second
7 homes.

8 "Real estate-related financial transaction" means any
9 transaction involving the sale, lease, purchase, investment in,
10 or exchange of real property, including interests in property or
11 the financing thereof, including the refinancing of real
12 property or interests in real property and the use of real
13 property or interests in property as security for a loan or
14 investment, including mortgage-backed securities.

15 "Secondary mortgage market participant" means a guarantor
16 or insurer of mortgage-backed securities or an underwriter or
17 issuer of mortgage-backed securities. "Secondary mortgage
18 market participant" includes an individual investor in a
19 mortgage-backed security that also serves in the capacity of a
20 guarantor, insurer, underwriter, or issuer for the
21 mortgage-backed security.



1 "Uniform Standards of Professional Appraisal Practice"
2 means the most recent iteration of the Uniform Standards of
3 Professional Appraisal Practice developed by the appraisal
4 standards board of The Appraisal Foundation and approved by the
5 director.

6 **§ -3 Appraisal management company registration program.**

7 There is established an appraisal management company
8 registration program, subject to the real estate appraiser
9 program established pursuant to section 466K-2, to be
10 administered by the director in the director's capacity as the
11 program administrator for both programs.

12 **§ -4 Powers and duties of the director.** In addition to
13 any other powers and duties authorized by law, the director
14 shall have the following powers and duties:

- 15 (1) Review and approve or deny an appraisal management
16 company's application for initial registration;
17 (2) Renew or deny an appraisal management company's
18 registration periodically;
19 (3) Examine the books and records of an appraisal
20 management company operating in the State and require



- 1 the appraisal management company to submit reports,
2 information, and documents;
- 3 (4) Verify that the appraisers on the appraisal management
4 company's appraiser panel hold valid state licenses or
5 certifications, as applicable;
- 6 (5) Conduct investigations of appraisal management
7 companies to assess potential violations of applicable
8 appraisal-related laws, regulations, or orders;
- 9 (6) Discipline, suspend, terminate, or deny renewal of the
10 registration of an appraisal management company that
11 violates applicable appraisal-related laws,
12 regulations, or orders;
- 13 (7) Report an appraisal management company's violation of
14 applicable appraisal-related law, regulations, or
15 orders, as well as disciplinary and enforcement
16 actions and other relevant information about an
17 appraisal management company's operations, to the
18 Appraisal Subcommittee; and
- 19 (8) Adopt, amend, and repeal rules, pursuant to chapter
20 91, as may be necessary to establish the appraisal



1 management company registration program and implement,
2 administer, and enforce this chapter.

3 § -5 Appraiser panel; annual size calculation. (a) For
4 purposes of determining whether an appraisal entity meets the
5 size requirement of an appraisal management company, as that
6 term is defined in section -2, an appraiser shall be deemed
7 part of the appraisal management company's appraiser panel as of
8 the earliest date on which the appraisal management company:

9 (1) Accepts the appraiser for the appraisal management
10 company's consideration for future appraisal
11 assignments in covered transactions or for secondary
12 mortgage market participants in connection with
13 covered transactions; or

14 (2) Engages the appraiser to perform one or more
15 appraisals on behalf of a creditor for covered
16 transactions or a secondary mortgage market
17 participant in connection with covered transactions.

18 (b) An appraiser who is deemed part of the appraisal
19 management company's appraiser panel pursuant to subsection (a)
20 shall be deemed to remain on the appraiser panel until the date
21 on which the appraisal management company:



1 (1) Sends written notice to the appraiser removing the
2 appraiser from the appraiser panel, with an
3 explanation of the appraisal management company's
4 action; or

5 (2) Receives written notice from the appraiser asking to
6 be removed from the appraiser panel or notice of the
7 death or incapacity of the appraiser.

8 (c) If an appraiser is removed from an appraisal
9 management company's appraiser panel pursuant to subsection (b),
10 and the appraisal management company subsequently accepts the
11 appraiser for consideration for future assignments or engages
12 the appraiser at any time during the twelve months after the
13 appraiser's removal:

14 (1) The removal shall be deemed not to have occurred; and

15 (2) The appraiser shall be deemed to have been part of the
16 appraisal management company's appraiser panel without
17 interruption.

18 **§ -6 Registration required.** (a) No person may directly
19 or indirectly engage or attempt to engage in business as an
20 appraisal management company, directly or indirectly perform or
21 attempt to perform appraisal management services, or advertise



1 or hold oneself out as engaging in or conducting business as an
2 appraisal management company without first being registered
3 pursuant to this chapter.

4 (b) An appraisal management company shall:

5 (1) Register with the real estate appraiser program
6 administered by the department pursuant to chapter
7 466K;

8 (2) Engage only state-licensed or state-certified
9 appraisers for federally related transactions in
10 conformity with any federally related transaction
11 regulations;

12 (3) Establish and comply with processes and controls
13 reasonably designed to ensure that the appraisal
14 management company, in engaging an appraiser, selects
15 an appraiser who is independent of the transaction and
16 has the requisite education, expertise, and experience
17 necessary to competently complete the appraisal
18 assignment for the particular market and property
19 type;



1 (4) Direct an appraiser to perform the assignment in
2 accordance with the Uniform Standards of Professional
3 Appraisal Practice; and

4 (5) Establish and comply with processes and controls
5 reasonably designed to ensure that the appraisal
6 management company conducts its appraisal management
7 services in accordance with the requirements of
8 section 129E(a) through 129E(i) of the Truth in
9 Lending Act, title 15 United States Code
10 section 1639e(a) through 1639e(i), and regulations
11 adopted thereunder.

12 (c) This section shall not apply to:

13 (1) A person that exclusively employs appraisers on an
14 employer and employee basis for the performance of
15 appraisals in this State;

16 (2) A federally regulated appraisal management company;

17 (3) A department or unit within a financial institution
18 that is subject to direct regulation by an agency of
19 the federal government that is a member of the Federal
20 Financial Institutions Examination Council or its
21 successor, or to regulation by the commissioner of



1 financial institutions under chapter 412, that
2 receives a request for the performance of an appraisal
3 from one employee of the financial institution, and
4 another employee of the same financial institution
5 assigns the request for the appraisal to an appraiser
6 that is an independent contractor to the institution,
7 except that an appraisal management company that is a
8 wholly owned subsidiary of a financial institution
9 shall not be considered a department or unit within a
10 financial institution to which the provisions of this
11 chapter do not apply; or

12 (4) An appraiser who enters into an agreement with another
13 appraiser for the performance of an appraisal that
14 upon completion results in a report signed by both the
15 appraiser who completed the appraisal and the
16 appraiser who requested the completion of the
17 appraisal.

18 (d) Any person who engages in an activity requiring
19 registration as an appraisal management company issued by the
20 director and who fails to obtain the required registration, or
21 who uses any work, title, or representation to induce the false



1 belief that the person is registered to engage in said activity,
2 shall be guilty of a misdemeanor and shall be subject to a fine
3 of not more than \$1,000 or imprisoned not more than one year, or
4 both, and each day of violation shall be deemed a separate
5 offense.

6 (e) The director may maintain a suit to enjoin the
7 performance or the continuance of any act or acts by a person
8 acting without a registration where a registration is required
9 by law, and if injured thereby, for the recovery of damages.

10 **§ -7 Registration process.** An applicant for
11 registration under this chapter shall file an application for
12 registration with the director on a form prescribed by the
13 director and pay a fee established by the director. The form
14 shall require any information necessary to determine eligibility
15 for registration.

16 **§ -8 Criminal history record checks.** (a) The
17 application submitted pursuant to section -7 shall contain
18 the information and authorizations necessary to conduct a
19 criminal history record check in accordance with section 846-2.7
20 for:



1 (1) Each person applying for registration who owns more
2 than ten per cent of an appraisal management company;
3 and

4 (2) Each of the applicant's controlling persons.

5 (b) The information and authorizations shall be
6 accompanied by the appropriate payment of the applicable fee for
7 each record check.

8 **§ -9 Appraisal management company registration numbers.**

9 (a) The director shall issue a unique registration number to
10 each appraisal management company registered in this State.

11 (b) The director shall maintain a list of the appraisal
12 management companies that are registered with the director.

13 (c) An appraisal management company registered in this
14 State shall place its registration number on engagement
15 documents utilized by the appraisal management company to
16 procure appraisal services in this State.

17 **§ -10 Expiration of registration.** Registrations shall
18 expire on December 31 of each odd-numbered year. The expiration
19 date of the registration shall appear on the appraisal
20 management company registration certificate issued to the



1 registrant, and no other notice of its expiration need be given
2 to the registrant.

3 **§ -11 Compliance with the Uniform Standards of**
4 **Professional Appraisal Practice.** As a condition of registration
5 or renewal of registration, each appraisal management company in
6 the State shall certify that the company requires appraisers
7 completing appraisals at the company's request to comply with
8 the Uniform Standards of Professional Appraisal Practice.

9 **§ -12 Consent to service of process.** An applicant for
10 registration under this chapter that is not domiciled in the
11 State shall complete an irrevocable consent to service of
12 process, in a form approved by the attorney general.

13 **§ -13 Reporting requirements; nonfederally regulated**
14 **appraisal management companies.** The director shall collect from
15 each appraisal management company registered or seeking
16 registration in the State all information and fees required by
17 the Appraisal Subcommittee to be submitted to the Appraisal
18 Subcommittee by the State, pursuant to regulations or guidance
19 promulgated by the Appraisal Subcommittee.

20 **§ -14 Reporting requirements; federally regulated**
21 **appraisal management companies; reporting information for**



1 **appraisal management companies.** A federally regulated appraisal
2 management company operating in the State shall report to the
3 director the information required to be submitted by the State
4 to the Appraisal Subcommittee, pursuant to the Appraisal
5 Subcommittee's policies regarding the determination of the AMC
6 national registry fee. These reporting requirements shall
7 include:

8 (1) A notice of intent to operate in the State;

9 (2) Information related to whether the appraisal
10 management company is owned in whole or in part,
11 directly or indirectly, by any person who has had an
12 appraiser license or certification refused, denied,
13 canceled, surrendered in lieu of revocation, or
14 revoked in any state for a substantive cause, as
15 determined by the Appraisal Subcommittee; and

16 (3) If a person has had an action described in paragraph
17 (2) taken on the person's appraisal license or
18 certification, the director shall collect information
19 related to whether the license or certification was
20 revoked for a substantive cause and if the license or
21 certification has been reinstated by the state or



1 states in which the appraiser was licensed or
2 certified.

3 § -15 Owner requirements. (a) An appraisal management
4 company applying for, holding, or renewing a registration under
5 this chapter shall not be owned, in whole or in part, directly
6 or indirectly, by any person who has had an appraiser license or
7 certification refused, denied, canceled, surrendered in lieu of
8 revocation, or revoked in any state for a substantive cause, as
9 determined by the appropriate state appraiser certifying and
10 licensing agency; provided that an appraisal management company
11 may be registered under this chapter if the license or
12 certification of the appraiser with an ownership interest was
13 not revoked for a substantive cause and the license or
14 certification has been reinstated by the state in which the
15 appraiser was licensed or certified.

16 (b) Each person that owns more than ten per cent of an
17 appraisal management company and applies for, holds, or renews a
18 registration under this chapter shall:

- 19 (1) Be of good moral character; and
20 (2) Submit to a criminal history record check pursuant to
21 section -8.



1 **§ -16 Controlling person.** An appraisal management
2 company applying for registration or renewal of registration in
3 the State shall designate one controlling person to serve as the
4 main contact for all communication between the department and
5 the company. The controlling person shall:

- 6 (1) Be in good standing in the State and in any other
7 state that has at any time issued the controlling
8 person an appraiser license or certification; provided
9 that nothing in this chapter shall require that a
10 designated controlling person hold or continue to hold
11 an appraiser license or certification in any
12 jurisdiction;
- 13 (2) Never have had an appraiser license or certification
14 in this State or any other state refused, denied,
15 canceled, revoked, or surrendered in lieu of a pending
16 disciplinary proceeding in any jurisdiction and not
17 have had the license or certification subsequently
18 reinstated or granted;
- 19 (3) Be of good moral character; and
- 20 (4) Submit to a criminal history record check pursuant to
21 section -8.



1 **§ -17 Appraiser engagement.** Before or at the time of
2 placing an assignment to appraise real property in the State
3 with an appraiser on the appraiser panel of an appraisal
4 management company, the appraisal management company shall
5 verify that the appraiser receiving the assignment holds an
6 appraiser license or certification in good standing in this
7 State and verify that the appraiser receiving the assignment
8 meets the competency rule of the Uniform Standards of
9 Professional Appraisal Practice. An attestation provided by an
10 appraiser that the appraiser is geographically competent within
11 the appraiser's scope of practice will satisfy an appraisal
12 management company's responsibility under this section.

13 **§ -18 Appraisal review.** Any employee of or independent
14 contractor to an appraisal management company who performs an
15 appraisal review for a property located in this State shall be a
16 licensed or certified appraiser in good standing in the State
17 and any other jurisdiction in which the appraiser is licensed or
18 certified.

19 **§ -19 Verification of licensure or certification.** (a)
20 An appraisal management company registered in the State may not
21 enter into any contract or agreement with an appraiser for the



1 performance of appraisals in the State unless the company
2 verifies that the appraiser is licensed or certified in good
3 standing in the State.

4 (b) An appraisal management company seeking registration
5 or renewal of registration in the State shall certify that the
6 company has a system and process in place to verify that an
7 individual added to the appraiser panel of the company for
8 appraisal services holds an appraiser license or certification
9 in good standing in this State.

10 § -20 **Fee disclosure.** An appraisal management company
11 registered in the State shall not prohibit an independent
12 appraiser who is part of the appraiser panel from recording the
13 fee that the appraiser was paid by the appraisal management
14 company for the performance of an appraisal within the
15 communication of the appraisal.

16 § -21 **Retention of records.** (a) Each appraisal
17 management company seeking registration or renewal of
18 registration in the State shall certify that the appraisal
19 management company maintains a detailed record of each service
20 request the company receives for appraisals of real property
21 located in the State.



1 (b) An appraisal management company registered in the
2 State shall retain all records required to be maintained under
3 this chapter for at least five years after the file is submitted
4 to the appraisal management company or at least two years after
5 final disposition of any related judicial proceeding of which
6 the appraisal management company is provided notice, whichever
7 period expires last.

8 (c) All records required to be maintained pursuant to this
9 section shall be made available for inspection by the director
10 upon request.

11 **§ -22 Payments to appraisers.** (a) An appraisal
12 management company shall, except in bona fide cases of breach of
13 contract or substandard performance of services, make payment to
14 an independent appraiser for the completion of an appraisal or
15 valuation assignment within forty-five days of the date on which
16 the appraiser transmits or otherwise provides the completed
17 appraisal or valuation assignment to the appraisal management
18 company or the company's assignee, unless a mutually agreed-upon
19 alternate arrangement has been previously established.

20 (b) An appraisal management company seeking registration
21 or renewal of registration shall certify that the company will



1 require appraisals to be conducted independently, as required by
2 the appraisal independence requirements under section 129E of
3 the Truth in Lending Act, title 15 United States Code
4 section 1639e, including the requirement that a customary and
5 reasonable fee be paid to an independent appraiser who completes
6 an appraisal in connection with a consumer credit transaction
7 secured by the principal dwelling.

8 **§ -23 Appraiser independence.** (a) It shall be a
9 violation of this chapter for any employee, director, officer,
10 or agent of an appraisal management company registered in this
11 State to engage in any act or practice that violates appraisal
12 independence as described in subsection (b).

13 (b) For purposes of subsection (a), acts or practices that
14 violate appraisal independence shall include:

15 (1) Any appraisal of a property offered as security for
16 repayment of the consumer credit transaction that is
17 conducted in connection with a transaction in which a
18 person with an interest in the underlying transaction
19 compensates, coerces, extorts, colludes, instructs,
20 induces, bribes, or intimidates a person, appraisal
21 management company, firm, or other entity conducting



1 or involved in an appraisal, or attempts to
2 compensate, coerce, extort, collude, instruct, induce,
3 bribe, or intimidate the person, for the purpose of
4 causing the appraisal value assigned, under the
5 appraisal, to the property to be based on any fact
6 other than the independent judgment of the appraiser;

7 (2) Mischaracterizing, or suborning any
8 mischaracterization of, the appraised value of the
9 property securing the extension of credit;

10 (3) Seeking to influence an appraiser or otherwise to
11 encourage a targeted value in order to facilitate the
12 making or pricing of the transaction; and

13 (4) Withholding or threatening to withhold timely payment
14 for an appraisal report or for appraisal services
15 rendered when the appraisal report or services are
16 provided in accordance with the contract between the
17 parties.

18 (c) The requirements of subsections (a) and (b) shall not
19 be construed as prohibiting an appraisal management company,
20 employee of an appraisal management company, consumer, or any



1 other person with an interest in a real estate transaction from
2 asking an appraiser to:

3 (1) Consider additional appropriate property information,
4 including the consideration of additional comparable
5 properties to make or support an appraisal;

6 (2) Provide further detail, substantiation, or explanation
7 for the appraiser's consideration in the appraisal; or

8 (3) Correct objective errors in the appraisal report.

9 (d) Any appraisal management company, employee of an
10 appraisal management company, or any other person involved in a
11 real estate transaction involving an appraisal in connection
12 with a consumer credit transaction who has a reasonable basis to
13 believe an appraiser is failing to comply with the Uniform
14 Standards of Professional Appraisal Practice, is violating
15 applicable laws, or is otherwise engaging in unethical or
16 unprofessional conduct, shall refer the matter to the director.

17 (e) Every appraisal management company shall establish and
18 comply with processes and controls reasonably designed to ensure
19 that the appraisal management company, in engaging an appraiser,
20 selects an appraiser who is independent of the transaction and
21 who has the requisite education, expertise, and experience



1 necessary to competently complete the appraisal assignment for
2 the particular market and property type. Every appraisal
3 management company shall establish and comply with processes and
4 controls reasonably designed to ensure that the appraisal
5 management company conducts its appraisal management services in
6 accordance with the requirements of title 15 United States Code
7 section 1639e(a) through (i), and regulations adopted
8 thereunder.

9 **§ -24 Mandatory reporting of violations.** An appraisal
10 management company that has a reasonable basis to believe an
11 appraiser has materially failed to comply with applicable laws
12 or rules or has materially violated the Uniform Standards of
13 Professional Appraisal Practice shall refer the matter to the
14 director in conformance with applicable federal laws and
15 regulations.

16 **§ -25 Prohibited conduct.** (a) No employee, director,
17 officer, agent, independent contractor, or other third party
18 acting on behalf of an appraisal management company shall:

19 (1) Procure or attempt to procure a registration or
20 renewal by knowingly making a false statement,
21 submitting false information, or refusing to provide



- 1 complete information in response to a question in an
2 application for registration or renewal;
- 3 (2) Wilfully violate this chapter or rules adopted by the
4 director pursuant to this chapter;
- 5 (3) Improperly influence or attempt to improperly
6 influence the development, reporting, result, or
7 review of an appraisal through intimidation, coercion,
8 extortion, bribery, or any other manner, including but
9 not limited to:
- 10 (A) Withholding payment for appraisal services;
- 11 (B) Threatening to exclude an appraiser from future
12 work or threatening to demote or terminate the
13 appraiser in order to improperly obtain a desired
14 result;
- 15 (C) Conditioning payment of an appraisal fee upon the
16 opinion, conclusion, or valuation to be reached;
17 or
- 18 (D) Requesting that an appraiser report a
19 predetermined opinion, conclusion, or valuation
20 or the desired valuation of any person or entity;



- 1 (4) Alter, amend, or change an appraisal report submitted
2 by an appraiser without the appraiser's knowledge and
3 written consent;
- 4 (5) Except within the first ninety days after an
5 independent appraiser is added to an appraiser panel,
6 remove an independent appraiser from an appraiser
7 panel without prior written notice to the appraiser;
8 provided that the prior written notice shall include
9 the following, if applicable:
- 10 (A) The appraiser's illegal conduct;
- 11 (B) The appraiser's violation of the Uniform
12 Standards of Professional Appraisal Practice,
13 this chapter, or rules adopted pursuant to this
14 chapter;
- 15 (C) The appraiser's improper or unprofessional
16 conduct; or
- 17 (D) The appraiser's substandard performance or other
18 substantive deficiencies;
- 19 (6) Require an appraiser to sign any indemnification
20 agreement that would require the appraiser to defend
21 and hold harmless the appraisal management company or



- 1 any of its agents or employees for any liability,
2 damage, losses, or claims arising out of the services
3 performed by the appraisal management company or its
4 agents, employees, or independent contractors, and not
5 the services performed by the appraiser;
- 6 (7) Prohibit lawful communications between the appraiser
7 and any other person to whom the appraiser, in the
8 appraiser's professional judgment, believes possesses
9 information that would be relevant;
- 10 (8) Engage in any other act or practice that impairs or
11 attempts to impair a real estate appraiser's
12 independence, objectivity, and impartiality;
- 13 (9) Fail to timely respond to any subpoena or other
14 request for information;
- 15 (10) Fail to timely obey an administrative order of the
16 director or department; or
- 17 (11) Fail to cooperate in any investigation.
- 18 (b) Nothing in this chapter shall prevent an appraisal
19 management company from requesting an appraiser to provide
20 additional information about the basis for a valuation, correct



1 objective factual errors in an appraisal report, or consider
2 additional appropriate property information.

3 **§ -26 Disciplinary proceedings.** The director may deny,
4 suspend, or revoke the registration of an appraisal management
5 company; impose a monetary penalty of an amount not to exceed
6 \$5,000 per violation; issue a letter of reprimand; refuse to
7 issue or renew the registration of an appraisal management
8 company; or take other disciplinary action against an appraisal
9 management company for any one or more of the following acts or
10 conditions:

- 11 (1) The applicant is not of a good moral character;
- 12 (2) The applicant has had a registration revoked or
13 suspended for cause, or surrendered in lieu of
14 disciplinary proceedings;
- 15 (3) The applicant, upon renewal of registration, would not
16 be eligible for registration on a first application;
- 17 (4) The issuance of a registration would result in a
18 violation of this chapter or any rules adopted
19 pursuant to this chapter;
- 20 (5) In the conduct of affairs under the registration, the
21 registrant has demonstrated incompetency,



1 untrustworthiness, or conduct or practices rendering
2 the registrant unfit to carry on appraisal management
3 services; made continuance in the business detrimental
4 to the public interest; or is no longer in good faith
5 carrying on appraisal management services, and for
6 this conduct is found by the director to be a source
7 of detriment, injury, or loss to the public;

8 (6) The appraisal management company committed any act in
9 violation of this chapter;

10 (7) The appraisal management company violated any rule
11 adopted by the department in the interest of the
12 public and consistent with this chapter;

13 (8) The appraisal management company procured a
14 registration or renewal of registration for the
15 appraisal management company or intentionally
16 committed any other act by fraud, misrepresentation,
17 or deceit; or

18 (9) The appraisal management company violates this
19 chapter, chapter 436B, or any rule or order of the
20 director.



1 **§ -27 Fees; bond required.** (a) The director may charge
2 the appraisal management company reasonable fees to offset costs
3 of operating the appraisal management company registration
4 program established pursuant to this chapter. The following
5 fees shall apply:

6 (1) Nonrefundable application fee...\$60;

7 (2) Biennial registration fee...\$4,200; and

8 (3) Biennial compliance resolution fund fee...\$500.

9 In addition, upon the issuance of a new registration and at each
10 renewal period, each appraisal management company shall pay a
11 special assessment fee of \$300 that shall be deposited into the
12 compliance resolution fund established pursuant to
13 section 26-9(o). Fees assessed pursuant to this chapter shall
14 be used to defray costs incurred by the department in
15 implementing this chapter.

16 (b) Pursuant to section 26-9(1), the director shall
17 establish other fees relating to the administration of this
18 chapter by rule.

19 (c) Each appraisal management company applying for or
20 renewing a registration shall post with the director and
21 maintain a surety bond in the amount of \$25,000 as follows:



- 1 (1) The bond shall be in a form satisfactory to the
2 director;
- 3 (2) The bond will accrue to the program for the benefit of
4 a claimant against the registrant to secure the
5 faithful performance of the registrant's obligations
6 under applicable laws and rules and to a real estate
7 appraiser who has performed an appraisal for the
8 registrant for which the appraiser has not been paid;
- 9 (3) The aggregate liability of the surety shall not exceed
10 the principal sum of the bond;
- 11 (4) A party having a claim against the registrant may
12 bring suit directly on the surety bond, or the
13 director may bring suit on behalf of the party having
14 a claim against the registrant, either in one action
15 or in successive actions;
- 16 (5) A claim reducing the face amount of the bond shall be
17 annually restored upon renewal of the registrant's
18 registration;
- 19 (6) The bond shall remain in effect until cancellation,
20 which may occur only after ninety days' written notice



1 to the program. Cancellation shall not affect any
2 liability incurred or accrued during that period; and
3 (7) Upon termination or cancellation of the bond required
4 in this subsection, a registered appraisal management
5 company shall file a replacement bond or shall
6 surrender its registration to do business in the State
7 and shall immediately cease operation as an appraisal
8 management company in the State. A registered
9 appraisal management company that voluntarily ceases
10 operations in this State shall ensure a surety bond
11 remains in place for no less than two years after the
12 registered appraisal management company ceases
13 operations.

14 **§ -28 Federal registry requirements.** (a) The director
15 shall collect from each appraisal management company registered
16 or seeking to be registered in this State the information that
17 the Appraisal Subcommittee requires to be submitted to it by the
18 State pursuant to regulations or guidance adopted by the
19 Appraisal Subcommittee.

20 (b) A federally regulated appraisal management company
21 operating in this State shall report to the director the



1 information required to be submitted by the State to the
2 Appraisal Subcommittee, pursuant to the Appraisal Subcommittee's
3 policies regarding the determination of the appraisal management
4 company national registry fee. These reports shall include:

5 (1) A report to the director of the intent of the
6 federally regulated appraisal management company to
7 operate in this State;

8 (2) Information related to whether the appraisal
9 management company is owned in whole or in part,
10 directly or indirectly, by any person who has had an
11 appraiser license or certificate refused, denied,
12 canceled, surrendered in lieu of revocation, or
13 revoked in any state for a substantive cause, as
14 determined by the Appraisal Subcommittee; and

15 (3) If a person or persons has had an action described in
16 paragraph (2) taken on their appraisal license, the
17 director shall collect information related to whether
18 the license was revoked for a substantive cause and if
19 it has been reinstated by the state or states in which
20 the appraiser was licensed.



1 **§ -29 Exemption.** This chapter shall not apply to an
2 appraiser who enters an agreement with another appraiser for the
3 performance of an appraisal that, upon completion, results in a
4 report signed by the appraiser who completed the appraisal and
5 the appraiser who requested completion of the appraisal."

6 SECTION 3. Section 26H-4, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§26H-4 Repeal dates for newly enacted professional and**
9 **vocational regulatory programs.** (a) Any professional or
10 vocational regulatory program enacted after January 1, 1994, and
11 listed in this section shall be repealed as specified in this
12 section. The auditor shall perform an evaluation of the
13 program, pursuant to section 26H-5, prior to its repeal date.

14 ~~[(b) Chapter 466L (appraisal management companies) shall~~
15 ~~be repealed on June 30, 2023.~~

16 ~~(e)]~~ (b) Chapter 457J (midwives) shall be repealed on
17 June 30, 2025."

18 SECTION 4. Section 846-2.7, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) Criminal history record checks may be conducted by:



- 1 (1) The department of health or its designee on operators
2 of adult foster homes for individuals with
3 developmental disabilities or developmental
4 disabilities domiciliary homes and their employees, as
5 provided by section 321-15.2;
- 6 (2) The department of health or its designee on
7 prospective employees, persons seeking to serve as
8 providers, or subcontractors in positions that place
9 them in direct contact with clients when providing
10 non-witnessed direct mental health or health care
11 services as provided by section 321-171.5;
- 12 (3) The department of health or its designee on all
13 applicants for licensure or certification for,
14 operators for, prospective employees, adult
15 volunteers, and all adults, except adults in care, at
16 healthcare facilities as defined in section 321-15.2;
- 17 (4) The department of education on employees, prospective
18 employees, and teacher trainees in any public school
19 in positions that necessitate close proximity to
20 children as provided by section 302A-601.5;



- 1 (5) The counties on employees and prospective employees
2 who may be in positions that place them in close
3 proximity to children in recreation or child care
4 programs and services;
- 5 (6) The county liquor commissions on applicants for liquor
6 licenses as provided by section 281-53.5;
- 7 (7) The county liquor commissions on employees and
8 prospective employees involved in liquor
9 administration, law enforcement, and liquor control
10 investigations;
- 11 (8) The department of human services on operators and
12 employees of child caring institutions, child placing
13 organizations, and resource family homes as provided
14 by section 346-17;
- 15 (9) The department of human services on prospective
16 adoptive parents as established under
17 section 346-19.7;
- 18 (10) The department of human services or its designee on
19 applicants to operate child care facilities, household
20 members of the applicant, prospective employees of the
21 applicant, and new employees and household members of



- 1 the provider after registration or licensure as
2 provided by section 346-154, and persons subject to
3 section 346-152.5;
- 4 (11) The department of human services on persons exempt
5 pursuant to section 346-152 to be eligible to provide
6 child care and receive child care subsidies as
7 provided by section 346-152.5;
- 8 (12) The department of health on operators and employees of
9 home and community-based case management agencies and
10 operators and other adults, except for adults in care,
11 residing in community care foster family homes as
12 provided by section 321-15.2;
- 13 (13) The department of human services on staff members of
14 the Hawaii youth correctional facility as provided by
15 section 352-5.5;
- 16 (14) The department of human services on employees,
17 prospective employees, and volunteers of contracted
18 providers and subcontractors in positions that place
19 them in close proximity to youth when providing
20 services on behalf of the office or the Hawaii youth
21 correctional facility as provided by section 352D-4.3;



- 1 (15) The judiciary on employees and applicants at detention
2 and shelter facilities as provided by section 571-34;
- 3 (16) The department of corrections and rehabilitation on
4 employees and prospective employees who are directly
5 involved with the treatment and care of persons
6 committed to a correctional facility as provided by
7 section 353-1.5 and the department of law enforcement
8 on employees and prospective employees whose duties
9 involve or may involve the exercise of police powers
10 including the power of arrest as provided by
11 section 353C-5;
- 12 (17) The board of private detectives and guards on
13 applicants for private detective or private guard
14 licensure as provided by section 463-9;
- 15 (18) Private schools and designated organizations on
16 employees and prospective employees who may be in
17 positions that necessitate close proximity to
18 children; provided that private schools and designated
19 organizations receive only indications of the states
20 from which the national criminal history record
21 information was provided pursuant to section 302C-1;



- 1 (19) The public library system on employees and prospective
2 employees whose positions place them in close
3 proximity to children as provided by
4 section 302A-601.5;
- 5 (20) The State or any of its branches, political
6 subdivisions, or agencies on applicants and employees
7 holding a position that has the same type of contact
8 with children, vulnerable adults, or persons committed
9 to a correctional facility as other public employees
10 who hold positions that are authorized by law to
11 require criminal history record checks as a condition
12 of employment as provided by section 78-2.7;
- 13 (21) The department of health on licensed adult day care
14 center operators, employees, new employees,
15 subcontracted service providers and their employees,
16 and adult volunteers as provided by section 321-15.2;
- 17 (22) The department of human services on purchase of
18 service contracted and subcontracted service providers
19 and their employees and volunteers, as provided by
20 sections 346-2.5 and 346-97;



1 (23) The department of human services on foster grandparent
2 program, senior companion program, and respite
3 companion program participants as provided by
4 section 346-97;

5 (24) The department of human services on contracted and
6 subcontracted service providers and their current and
7 prospective employees that provide home and
8 community-based services under section 1915(c) of the
9 Social Security Act, title 42 United States Code
10 section 1396n(c), or under any other applicable
11 section or sections of the Social Security Act for the
12 purposes of providing home and community-based
13 services, as provided by section 346-97;

14 (25) The department of commerce and consumer affairs on
15 proposed directors and executive officers of a bank,
16 savings bank, savings and loan association, trust
17 company, and depository financial services loan
18 company as provided by section 412:3-201;

19 (26) The department of commerce and consumer affairs on
20 proposed directors and executive officers of a



1 nondepository financial services loan company as
2 provided by section 412:3-301;

3 (27) The department of commerce and consumer affairs on the
4 original chartering applicants and proposed executive
5 officers of a credit union as provided by
6 section 412:10-103;

7 (28) The department of commerce and consumer affairs on:

8 (A) Each principal of every non-corporate applicant
9 for a money transmitter license;

10 (B) Each person who upon approval of an application
11 by a corporate applicant for a money transmitter
12 license will be a principal of the licensee; and

13 (C) Each person who upon approval of an application
14 requesting approval of a proposed change in
15 control of licensee will be a principal of the
16 licensee,

17 as provided by sections 489D-9 and 489D-15;

18 (29) The department of commerce and consumer affairs on
19 applicants for licensure and persons licensed under
20 title 24;

21 (30) The Hawaii health systems corporation on:



- 1 (A) Employees;
- 2 (B) Applicants seeking employment;
- 3 (C) Current or prospective members of the corporation
- 4 board or regional system board; or
- 5 (D) Current or prospective volunteers, providers, or
- 6 contractors,
- 7 in any of the corporation's health facilities as
- 8 provided by section 323F-5.5;
- 9 (31) The department of commerce and consumer affairs on:
 - 10 (A) An applicant for a mortgage loan originator
 - 11 license, or license renewal; and
 - 12 (B) Each control person, executive officer, director,
 - 13 general partner, and managing member of an
 - 14 applicant for a mortgage loan originator company
 - 15 license or license renewal,
 - 16 as provided by chapter 454F;
- 17 (32) The state public charter school commission or public
- 18 charter schools on employees, teacher trainees,
- 19 prospective employees, and prospective teacher
- 20 trainees in any public charter school for any position



1 that places them in close proximity to children, as
2 provided in section 302D-33;

3 (33) The counties on prospective employees who work with
4 children, vulnerable adults, or senior citizens in
5 community-based programs;

6 (34) The counties on prospective employees for fire
7 department positions that involve contact with
8 children or vulnerable adults;

9 (35) The counties on prospective employees for emergency
10 medical services positions that involve contact with
11 children or vulnerable adults;

12 (36) The counties on prospective employees for emergency
13 management positions and community volunteers whose
14 responsibilities involve planning and executing
15 homeland security measures including viewing,
16 handling, and engaging in law enforcement or
17 classified meetings and assisting vulnerable citizens
18 during emergencies or crises;

19 (37) The State and counties on employees, prospective
20 employees, volunteers, and contractors whose position
21 responsibilities require unescorted access to secured



1 areas and equipment related to a traffic management
2 center;

3 (38) The State and counties on employees and prospective
4 employees whose positions involve the handling or use
5 of firearms for other than law enforcement purposes;

6 (39) The State and counties on current and prospective
7 systems analysts and others involved in an agency's
8 information technology operation whose position
9 responsibilities provide them with access to
10 proprietary, confidential, or sensitive information;

11 (40) The department of commerce and consumer affairs on:

12 (A) Applicants for real estate appraiser licensure or
13 certification as provided by chapter 466K;

14 (B) Each person who owns more than ten per cent of an
15 appraisal management company who is applying for
16 registration as an appraisal management company,
17 as provided by section [~~466L-7;~~] -7; and

18 (C) Each of the controlling persons of an applicant
19 for registration as an appraisal management
20 company, as provided by section [~~466L-7;~~] -7;



- 1 (41) The department of health or its designee on all
2 license applicants, licensees, employees, contractors,
3 and prospective employees of medical cannabis
4 dispensaries, and individuals permitted to enter and
5 remain in medical cannabis dispensary facilities as
6 provided under sections 329D-15(a)(4) and
7 329D-16(a)(3);
- 8 (42) The department of commerce and consumer affairs on
9 applicants for nurse licensure or license renewal,
10 reactivation, or restoration as provided by
11 sections 457-7, 457-8, 457-8.5, and 457-9;
- 12 (43) The county police departments on applicants for
13 permits to acquire firearms pursuant to section 134-2,
14 on individuals registering their firearms pursuant to
15 section 134-3, and on applicants for new or renewed
16 licenses to carry a pistol or revolver and ammunition
17 pursuant to section 134-9;
- 18 (44) The department of commerce and consumer affairs on:
19 (A) Each of the controlling persons of the applicant
20 for licensure as an escrow depository, and each
21 of the officers, directors, and principals who



1 will be in charge of the escrow depository's
2 activities upon licensure; and

3 (B) Each of the controlling persons of an applicant
4 for proposed change in control of an escrow
5 depository licensee, and each of the officers,
6 directors, and principals who will be in charge
7 of the licensee's activities upon approval of the
8 application,
9 as provided by chapter 449;

10 (45) The department of taxation on current or prospective
11 employees or contractors who have access to federal
12 tax information in order to comply with requirements
13 of federal law, regulation, or procedure, as provided
14 by section 231-1.6;

15 (46) The department of labor and industrial relations on
16 current or prospective employees or contractors who
17 have access to federal tax information in order to
18 comply with requirements of federal law, regulation,
19 or procedure, as provided by section 383-110;

20 (47) The department of human services on current or
21 prospective employees or contractors who have access



1 to federal tax information in order to comply with
2 requirements of federal law, regulation, or procedure,
3 and on current or prospective employees, volunteers,
4 contractors, or contractors' employees or volunteers,
5 subcontractors, or subcontractors' employees or
6 volunteers, whose position places or would place them
7 in close proximity to minors, young adults, or
8 vulnerable adults, as provided by section 346-2.5;

9 (48) The child support enforcement agency on current or
10 prospective employees, or contractors who have access
11 to federal tax information in order to comply with
12 federal law, regulation, or procedure, as provided by
13 section 576D-11.5;

14 (49) The department of the attorney general on current or
15 prospective employees or employees or agents of
16 contractors who have access to federal tax information
17 to comply with requirements of federal law,
18 regulation, or procedure, as provided by
19 section 28-17;

20 (50) The department of commerce and consumer affairs on
21 each control person, executive officer, director,



1 general partner, and managing member of an installment
2 loan licensee, or an applicant for an installment loan
3 license, as provided in chapter 480J;

4 (51) The University of Hawaii on current and prospective
5 employees and contractors whose duties include
6 ensuring the security of campus facilities and
7 persons; and

8 (52) Any other organization, entity, or the State, its
9 branches, political subdivisions, or agencies as may
10 be authorized by state law."

11 SECTION 5 Chapter 466L, Hawaii Revised Statutes, is
12 repealed.

13 SECTION 6. In accordance with section 9 of article VII, of
14 the Constitution of the State of Hawaii and sections 37-91 and
15 37-93, Hawaii Revised Statutes, the legislature has determined
16 that the appropriation contained in this Act will cause the
17 state general fund expenditure ceiling for fiscal year 2024-2025
18 to be exceeded by \$, or per cent. The
19 reasons for exceeding the general fund expenditure ceiling are
20 that the appropriation made in this Act is necessary to serve



S.B. NO. 3337

1 the public interest and to meet the needs provided for by this
2 Act.

3 SECTION 7. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2024-2025 for
6 the purposes of this Act.

7 The sum appropriated shall be expended by the department of
8 commerce and consumer protection for the purposes of this Act.

9 SECTION 8. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 9. This Act shall take effect retroactively on
12 June 30, 2023.

13

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be 'J. H.', is written over a horizontal line that serves as a signature line.

S.B. NO. 3331

Report Title:

DCCA; Appraisal Management Companies; Registration Program; Reestablishment; Appropriation; General Fund Expenditure Ceiling Exceeded

Description:

Reestablishes the appraisal management company registration program within the Department of Commerce and Consumer Affairs. Clarifies that chapter 466L, Hawaii Revised Statutes, is repealed. Applies registration requirements retroactively to 6/30/2023. Appropriates moneys. Declares that the appropriation exceeds the state general fund expenditure ceiling for 2024-2025.

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

