
A BILL FOR AN ACT

RELATING TO REAL ESTATE APPRAISALS.

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

1 SECTION 1. Chapter 412, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§412: - Improper influence of real estate appraisers.

5 (a) A financial institution with an interest in a real estate
6 transaction involving an appraisal shall not improperly
7 influence or attempt to improperly influence, through coercion,
8 extortion, or bribery, the development, reporting, result, or
9 review of a real estate appraisal if compensation is dependent
10 on or affected by the value conclusion generated by the
11 appraisal.

12 (b) Subsection (a) shall not apply to a financial
13 institution with an interest in a real estate transaction from
14 asking a real estate appraiser to do any of the following:

15 (1) Consider additional, appropriate information relating
16 to the real property;



- 1 (2) Provide further detail, substantiation, or explanation
2 for the real estate appraiser's value conclusion; or
3 (3) Correct errors in the appraisal report.
4 (c) If a financial institution violates this section
5 within the course and scope of its duties, the commissioner may
6 pursue enforcement actions pursuant to article 2, part III and
7 order the financial institution to forfeit and pay an
8 administrative fine pursuant to article 2, part VI.
9 (d) Nothing in this section shall be construed to
10 authorize communications that are not otherwise prohibited under
11 existing law."

12 SECTION 2. Chapter 454, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 **"§454- Improper influence of real estate appraisers.**

- 16 (a) No mortgage broker or solicitor with an interest in a real
17 estate transaction involving a real estate appraisal shall
18 improperly influence or attempt to improperly influence, through
19 coercion, extortion, or bribery, the development, reporting,
20 result, or review of a real estate appraisal if the mortgage
21 broker's or solicitor's compensation is dependent on or affected
22 by the value conclusion generated by the appraisal.



1 (b) Subsection (a) shall not apply to a mortgage broker or
2 solicitor with an interest in a real estate transaction from
3 asking a real estate appraiser to do any of the following:

4 (1) Consider additional, appropriate information relating
5 to the real property;

6 (2) Provide further detail, substantiation, or explanation
7 for the real estate appraiser's value conclusion; or

8 (3) Correct errors in the appraisal report.

9 (c) If a mortgage broker or solicitor violates this
10 section within the course and scope of its duties, the director,
11 after a hearing in accordance with chapter 91, may order one or
12 more of the following remedies as appropriate relief:

13 (1) Refund the money paid as fees for services;

14 (2) Correct the work done in providing services;

15 (3) Revoke the license or certificate;

16 (4) Suspend the license or certificate;

17 (5) Impose a fine; or

18 (6) Any other reasonable means to secure relief as

19 determined by the director.

20 Any fine imposed by the director, after a hearing in accordance
21 with chapter 91, shall be no less than \$1,000 for each
22 violation.



1 (d) Nothing in this section shall be construed to
2 authorize communications that are not otherwise prohibited under
3 existing law."

4 SECTION 3. This Act does not affect rights and duties that
5 matured, penalties that were incurred, and proceedings that were
6 begun, before its effective date.

7 SECTION 4. New statutory material is underscored.

8 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Real Estate Appraisal Reports; Improper Influence

Description:

Prohibits financial institutions and mortgage brokers with an interest in a real estate transaction involving an appraisal from improperly influencing the reporting, result, or review of a real estate appraisal. (SD1)

