

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 154
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 154 entitled:

"A BILL FOR AN ACT RELATING TO BROKER PRICE OPINIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to permit a licensed real estate broker or real estate appraiser to prepare broker price opinions for use in real estate transactions where an appraisal is not required by law or otherwise.

Your Committee received testimony in support of this measure from Hawai'i Association of REALTORS and one private individual. Your Committee received testimony in support of the intent of this measure from the Hawaii Real Estate Commission, Hawaii Chapter of the Appraisal Institute, Hawaii Bankers Association, and Hawaii Financial Services Association. Your Committee received testimony in opposition to this measure from A'a Appraisal Services Hawaii, LLC.

Your Committee finds that broker price opinions are an important tool in real estate matters where an appraisal is not required such as determining a listing price for a property, determining the proper disposition of a distressed property at risk of foreclosure, or determining the value of a real property investment asset. Your Committee further finds that the use of broker price opinions in appropriate matters results in significant savings of money and time.



Your Committee also finds that there are important distinctions between broker price opinions and appraisals in terms of their respective uses, the information that serves as their bases, and the skill set that is required to prepare each. Your Committee notes that real estate licensees are subject to regulatory oversight and their own industry ethical and professional standards and that real estate licensees already frequently prepare broker price opinions for real estate matters at no charge. Therefore, your Committee finds that allowing real estate licensees to be compensated for preparing broker price opinions will not compromise important consumer protections. Finally, your Committee finds that the provisions of this measure are self-effectuating and do not require the adoption of administrative rules in order to become effective.

Your Committee has amended this measure by:

- (1) Adding a new provision to specify that the requirements of chapter 466K, Hawaii Revised Statutes, governing real estate appraisers do not apply to broker price opinions issued by real estate licensees pursuant to this measure;
- (2) Clarifying the requirements for a broker price opinion prepared by a real estate licensee;
- (3) Clarifying that no person aggrieved by a broker price opinion shall be eligible for recovery from the Real Estate Recovery Fund established pursuant to section 467-16, Hawaii Revised Statutes; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 154, S.D. 1, and be placed on the calendar for Third Reading.



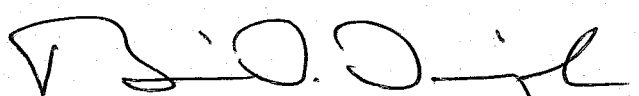
Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair

The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 154	Committee Referral: CPN	Date: 3-1-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood				✓
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.				✓
SOLOMON, Malama	✓			
SLOM, Sam				✓
TOTAL	4	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes