

REAL ESTATE APPRAISER ADVISORY COMMITTEE

Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii

MINUTES OF MEETING

The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Section 92-7(b), Hawaii Revised Statutes.

Date: Wednesday, April 6, 2016

Time: 10:03 a.m.

Place: King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Present: Richard Stellmacher, Industry Member, Chairperson
Brian J. Walther, Industry Member, Vice-Chairperson
Lars B. Larson, Financial Institution Member
Shelly H. Tanaka, Industry Member
James Paige, Deputy Attorney General (“DAG”)
Alan Taniguchi, Executive Officer
Lori Nishimura, Secretary

Excused: George Leong, Financial Institution Member

Guest: Catherine P. Awakuni Colón, Director, Department of Commerce
and Consumer Affairs (“DCCA”)

Call to Order: There being a quorum present, the meeting was called to order at 10:03 a.m. by Chairperson Stellmacher.

Additions/
Revisions to the
Agenda: Executive Officer Taniguchi requested for the Committee to amend the agenda as follows:

Add: 4. New Business
* * *

d. Appraisal Management Companies (“AMC”)

After discussion, it was moved by Mr. Larson, seconded by Ms. Tanaka, and unanimously carried to add the aforementioned addition to the agenda.

Approval of the
February 3, 2016
Meeting Minutes:

Mr. Larson requested the following amendments to his comments, as it was incorrectly recorded on the February 3, 2016 meeting minutes, (last paragraph on page 19, underscoring new material and bracketing stricken material to be deleted), to read as follows:

“Mr. Taniguchi inquired with Messrs. Leong and Larson for their comments/opinions as financial institution members to the Committee, whether AMCs should be regulated by this state. Mr. Larson commented that his [~~employer’s commercial~~] employer uses AMCs for commercial appraisals [~~are completed in house~~] with oversight within their bank. Mr. Larson further commented that they are actively looking at [~~AMCs, as assuring~~] AMCs for their residential area to help ensure reliability and consistency.”

After discussion, it was moved by Vice-Chairperson Walther, seconded by Ms. Tanaka, and unanimously carried to approve the February 3, 2016 meeting minutes with the aforementioned amendments.

The following agenda item was taken out of order to accommodate Director Awakuni Colón’s schedule.

New Business:

d. Appraisal Management Companies (“AMC”)

Director Awakuni-Colón was welcomed and present at the meeting to discuss the new federal requirements relating to the minimum requirements for AMCs. In a letter addressed to the Committee, dated November 4, 2015, she stated that as the administrator of the Real Estate Appraiser Program, she will need to decide whether to establish an AMC registration and supervision program within three (3) years from the effective date (August 10, 2015). Her letter had requested for the Committee’s recommendation regarding the level of regulation that should be implemented based on the context of Hawaii’s current and future real estate appraisal needs. Inadvertently her letter was not provided to the Committee until recently.

Vice-Chairperson Walther commented that he was able to reach out to thirty (30) appraisers, some comments he received:

- Negative impact on the quality of appraisals;
- Most AMCs shop for fast and cheap fee; and
- Appears it may not be the most qualified and competent appraiser.

Vice-Chairperson Walther further commented that the two (2) big issues were cheap fees and unreasonable turnaround times. Non-payment issues that may be prevalent or of concern in the mainland was not an issue or concern here.

Ms. Tanaka stated that a Sunrise Analysis report was drafted by the State Auditor in 2010 on Real Estate AMCs; their projection was that the regulation of AMCs was not going to be self-sustaining. Ms. Tanaka commented that she would be inclined to hold-off a bit; as there are no penalties if a State does not regulate AMCs. She further commented that lenders still have alternatives; they may choose to employ AMCs who may not meet the federal criteria. Chairperson Stellmacher commented further research should be conducted before taking action, “should not jump on the band wagon” to regulate AMCs.

Mr. Larson suggested that the Committee would need more insight to provide a formal recommendation to Director Awakuni Colón. Discussion ensued on the role of the Committee should the Department regulate AMCs; Director Awakuni Colón commented that change in duties of the Committee may need to occur with legislation if AMCs are regulated. A timeline to propose a formal recommendation to the Director was suggested for the scheduled June 1, 2016 meeting. Director Awakuni Colón was thanked for attending today’s meeting.

a. Review of Application

None.

b. Review of Courses

After discussion, it was moved by Vice-Chairperson Walther, seconded by Ms. Tanaka, and unanimously carried to ratify the approval of the following CAP approved courses:

Course Provider: McKissock, LP

Index #: Course Title & Approved Hours:

16-158 Appraisal of Single Tenant Distribution Centers
6 CE

16-159 Basic Hotel Appraising – Limited Services Hotels
7 CE

c. Hawaii Administrative Rules (“HAR”) Proposed Amendments

Executive Officer Taniguchi provided a brief update on the proposed amendments to HAR chapter 16-114, to codify the state’s regulations on supervisory and trainee appraisers to comply with AQB Criteria requirements. He stated that the proposed rules were reviewed by the Attorney General’s office and the Legislative Reference Bureau, and with their suggested edits (to form and grammar), the revised draft will be submitted to the Small Business Regulatory Review Board for their review and suggestions before going to the Governor for approval to go to public hearing.

Unfinished

Business: None.

Correspondence: None.

Announcements: None.

Next Meeting: Wednesday, June 1, 2016
10:00 a.m.
King Kalakaua Conference Room
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335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

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Adjournment: There being no further discussion, the meeting adjourned at
10:27 a.m.

Taken and recorded by:

/s/ Lori Nishimura

Lori Nishimura
Secretary

Reviewed and Approved by:

/s/ Alan Taniguchi

Alan Taniguchi
Executive Officer

AT:ln

04/27/16

[X] Minutes approved as is.

[] Minutes approved with changes. See Minutes of _____.