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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

February 2, 2010


The Honorable Calvin K.Y. Say,  
Speaker  
Hawaii House of Representatives  
State Capitol  
Honolulu, HI 96813

Dear Mr. Speaker:

Thank you for your November 30, 2009 letter concerning Senate Bill No. 771 (SB 771) which is currently being considered by the Hawaii State legislature. Your concern is that SB 771 will add to the enforcement of your current law (HRS 466K), which requires all certified and licensed appraisers to comply with Uniform Standards of Professional Appraisal Practice (USPAP). Specifically, SB 771 addresses application of USPAP to licensed or certified real estate appraisers who are appointed to act as arbitrators.

An appraiser is defined by USPAP as “one who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.” When acting as an appraiser performing *appraisal practice*, compliance with USPAP is required. According to USPAP, an individual is performing *appraisal practice* when providing valuation services, “including but not limited to appraisal, appraisal review or appraisal consulting.”<sup>1</sup> Appraisal is defined by USPAP as the act or process of developing an opinion of value “numerically expressed as a specific amount, as a range of numbers or as a relationship to a previous value opinion or numerical benchmark.” Therefore, when an individual has other professional roles in addition to their appraiser role, it is imperative to determine if one is engaged in the performance of *appraisal practice*, in which case compliance with USPAP is mandated.

Sincerely,

  
James R. Park  
Executive Director

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<sup>1</sup> USPAP states “[t]he use of other nomenclature for an appraisal, appraisal review, or appraisal consulting assignment (e.g., analysis, counseling, evaluation, study, submission, or valuation) does not exempt an appraiser from adherence to [USPAP].”