

CALVIN K.Y. SAY
SPEAKER

HOUSE OF REPRESENTATIVES

STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813



March 16, 2010

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Mr. James R. Park, Executive Director
Appraisal Subcommittee
1401 H Street, NW
Suite 760
Washington, DC 20005
FAX: (202) 289-4101

Dear Mr. Park,

Thank you for your February 2, 2010 letter in response to my letter concerning Senate Bill No. 771 regarding the arbitration/USPAP issues (when involving real estate valuation/rental rate matters).

In your letter you stated that "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." 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 appraisal role, it is imperative to determine if one is engaged in the performance of *appraisal practice*, in which case compliance with USPAP is mandated."

The legislature seeks additional clarification to your response. Are appraisers, when acting as an arbitrator in an arbitration to establish or determine a real estate valuation/rental rate, required to follow USPAP?

I would appreciate the Appraisal Subcommittee's response.

Thank you.

Sincerely,



Calvin K.Y. Say, Speaker
House of Representatives
State of Hawaii