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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

January 18, 2006

Mark Recktenwald, Director  
Department of Commerce and Consumer Affairs  
335 Merchant Street, Room 310  
Honolulu, HI 96809

Dear Mr. Recktenwald:

Thank you for your December 30, 2005 letter in which you described how the Department of Commerce and Consumer Affairs (“Department”) will cure our concern regarding your existing regulations’ failure to incorporate the Uniform Standards of Professional Appraisal Practice (“USPAP”) effectively. We first noted this concern in our July 18, 2005 field review letter. Your September 18, 2005 response letter prompted our November 7, 2005 letter, which discussed our concern more fully.

To address this concern, in your December 30, 2005 letter, you stated that the Department will amend Hawaii Administrative Rules (“HAR”) §§ 16-114-88(a) and 106(4). You will amend these sections by replacing the phrase, “appropriate federal financial institutions regulatory agency,” with the phrase, “current USPAP.” In addition, to ensure that Hawaii Revised Statutes (“HRS”) § 436B-8(b) is implemented fully, the Hawaii Real Estate Appraisers Advisory Committee (“Committee”), on behalf of the Department’s Director, will formally adopt each new version of USPAP as it becomes effective and will note that fact in Committee minutes. We agree with your assessment that these changes, if adopted, should cure our concern. We suggest that you consult legal counsel to ensure that appropriate actions are taken to ensure that this delegation is legally effective.

In your letter, you did not advise us about where these changes stand in the rulemaking process. Please keep us informed about their status and provide us a copy of the regulations as proposed and adopted.

Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director

cc: Alan Taniguchi, Executive Officer