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Hawaii appraisals could see major changes

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Real estate appraisers working as arbitrators in ground rent negotiations would have to abide by the same rules that guide appraisals, under legislation passed by state lawmakers and sent to the governor.

Supporters of Senate Bill 771 say it will require appraiser-arbitrators to reveal how and why they came up with the fair market value, or rental value, for a leasehold property, giving transparency to a process that is often frustrating for lessees.

Appraisers say the legislation is unnecessary because, as arbitrators, they are making judgements based on past appraisals and not actually performing appraisals themselves, and that a law would significantly drive up the cost of arbitration by dragging out what already can be a protracted process.

It's up to Gov. Linda Lingle to decide which side is right — the Legislature passed the bill a week ago and sent it to her, and she can sign it into law, veto it or allow it to become law without her signature.

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