

STAND. COM. REP. NO. **665**

Honolulu, Hawaii

MAR - 6 2009

RE: S.B. No. 862
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 862, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to enhance the ability of the Hawaii Housing and Finance and Development Corporation to protect its lien rights on foreclosed property.

Specifically, this measure facilitates the Corporation's collection of shared appreciation equity liens, deferred sales price liens, and excess proceeds in lieu of a buyback provision. The measure also requires adequate notice to the Corporation to allow it to prepare and act at foreclosure proceedings.

The Committee received two comments on this measure.

Copies of written comments submitted to the Committee may be reviewed on the Legislature's website.

Your Committee finds that the sale of affordable housing properties sponsored or assisted by the Hawaii Housing Finance and Development Corporation is subject to a buyback restriction and a shared appreciation equity lien. The Corporation also provides deferred sales price liens to assist low- or moderate-income homebuyers in purchasing a first home. Upon the sale or transfer of a Corporation-assisted home, the shared appreciation equity is deposited into the dwelling unit revolving fund, which can be used

SB862 SD2 SSCR LRB 09-2445.doc



to support the development of additional affordable housing projects. Your Committee also finds that this measure will not only protect the Corporation's lien rights in the event of foreclosure, but also enable recovery of funds to support the purpose of the Corporation.

Your Committee has made technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 862, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 862, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DONNA MERCADO KIM, Chair



