

STAND. COM. REP. NO.

776

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 651
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 651, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE FORECLOSURES,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize a mortgagor to require a foreclosing mortgagee to engage in dispute resolution prior to a judicial or nonjudicial foreclosure.

Furthermore, this measure establishes a special fund for foreclosure dispute resolution, to be administered by the Judiciary, and imposes a six-month moratorium on judicial and nonjudicial foreclosures.

Your Committee received comments in support of this measure from Stephen Levins, Executive Director, Office of Consumer Protection, Department of Commerce and Consumer Affairs; Rev. Samuel L. Domingo, Pastor, Keolumana United Methodist Church, and President, FACE Oahu; and 8 individuals.

Your Committee received comments in opposition to this measure from William J. Aila, Jr., Chairperson, Department of Land and Natural Resources; Iris Ikeda Catalani, Commissioner of Financial Institutions, Department of Commerce and Consumer Affairs; Gary Fujitani, Executive Director, Hawaii Bankers Association; and Rick Tsujimura, Mortgage Bankers Association of Hawaii.



Your Committee received comments on this measure from Kalbert K. Young, Director, Department of Budget and Finance; Rodney A. Maile, Administrative Director of the Courts, the Judiciary of the State of Hawaii; and Myoung Oh, Government Affairs Director, Hawaii Association of REALTORS.

Your Committee finds that across the nation, mediation has rapidly grown in popularity as a means to avoid foreclosure. Jurisdictions throughout the United States have implemented various forms of mediation in response to the foreclosure crisis. The mediation program established under this measure is based on the program currently in use in Nevada, which is one of the most successful programs currently operating in the United States. The Nevada program has kept forty-six per cent of participating homeowners in their homes.

Your Committee has amended this measure by:

- (1) Clarifying the measure's purpose in section 1;
- (2) Clarifying that "notice of default" includes an amended notice of default issued if mediation fails;
- (3) Changing the effective date to July 1, 2050, to facilitate continued discussion of the matter; and
- (4) Making technical, nonsubstantive changes 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. 651, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 651, S.D. 2.

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



DAVID Y. IGE, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB657 SD1	CPN, WAM	2/24/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	✓			
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai	✓			
TOKUDA, Jill N.	✓			
WAKAI, Glenn	✓			
SLOM, Sam			✓	
TOTAL	12	0	1	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Suzanne Chun Oakland</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes