

Honolulu, Hawaii

Feb 10 , 2012

RE: H.B. No. 2103

H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committees on Economic Revitalization & Business and Housing, to which was referred H.B. No. 2103 entitled:

"A BILL FOR AN ACT RELATING TO THE BANK OF THE STATE OF HAWAII,"

beg leave to report as follows:

The purpose of this measure is to establish the bank of the State of Hawaii in order to develop a program to acquire residential property in situations where the mortgagor is an owner-occupant who has defaulted on a mortgage or been denied a mortgage loan modification and the mortgagee is a securitized trust that cannot adequately demonstrate that it is a holder in due course.

Faith Action for Community Equity, IMUAlliance, and numerous individuals testified in support of this measure. The Department of Budget and Finance and Legal Aid Society of Hawai'i testified in support of the intent of this measure. The Hawaii Bankers Association, Hawaii Credit Union League, and the Mortgage Bankers Association of Hawaii testified in opposition to this measure. The Department of Commerce and Consumer Affairs and Office of Information Practices provided comments on this measure.

Your Committees respectfully request that the Committee on Consumer Protection & Commerce examine the concerns expressed by the Department of Commerce and Consumer Affairs over the qualifications of the board of directors. Your Committees further



request that the Committee on Consumer Protection & Commerce examine making the acquisition of affordable housing for persons who have experienced wrongful and fraudulent foreclosures the priority of the bank of the State of Hawaii.

Your Committees have amended this measure by:

- (1) Expanding the scope of the bank of the State of Hawaii's purchase program so that it is not limited to assisting only in the case of mortgages held by securitized trusts;
- (2) Inserting language to allow officers of banks and credit unions incorporated in the State to serve the advisory board;
- (3) Clarifying that advisory board members' participation on loan committees shall be pursuant to rules adopted by the board;
- (4) Clarifying that the bank of the State of Hawaii is not meant to compete with local banks by removing a reference to offering financial products to a state agency on a competitive basis;
- (5) Clarifying that the bank of the State of Hawaii's power to purchase participation interest in loans must meet underwriting standards established by the board of the bank of the State of Hawaii;
- (6) Renaming the short sale program to the purchase program for distressed residential properties encumbered by problematic mortgages;
- (7) Inserting language to clarify that the bank of the State of Hawaii has forty-five days to review a homeowner's application for consideration for the purchase program;
- (8) Inserting language to allow the bank of the State of Hawaii to re-sell the home back to the previous homeowner without a mortgage;
- (9) Changing the effective date to July 1, 2112, to facilitate further discussion; and




- (10) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Economic Revitalization & Business and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2103, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2103, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on behalf of the members of the Committees on Economic Revitalization & Business and Housing,

  
RIDA T.R. CABANILLA, Chair

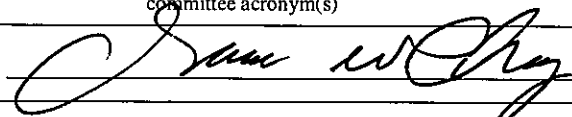
  
ANGUS L.K. MCKELVEY, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HSCR 278-12

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: <b>HB 2103</b>	Committee Referral: <b>ERB/HSG, CPC, FIN</b>	Date: <b>2/7/12</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. AWANA, Karen L.	✓			
4. BROWER, Tom	✓			
5. EVANS, Cindy	✓			
6. HASHEM, Mark J.	✓			
7. NISHIMOTO, Scott Y.	✓			
8. TOKIOKA, James Kunane	✓			
9. TSUJI, Clift	✓			
10. MARUMOTO, Barbara C.			✓	
11. PINE, Kymberly Marcos				✓
TOTAL (11)	9	—	1	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				

State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HSCR 278-12

Record of Votes of the Committee on Housing

Bill/Resolution No.: <b>HB 2103</b>	Committee Referral: <b>ERB/HSG, CPC, FIN</b>	Date: <b>2/7/12</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. CABANILLA, Rida T.R. (C)	✓			
2. ITO, Ken (VC)	✓			
3. CARROLL, Mele	✓			
4. CHANG, Jerry L.	✓			
5. COFFMAN, Denny	✓			
6. HAR, Sharon E.	✓			
7. HERKES, Robert N.	✓			
8. KAWAKAMI, Derek S.K.				✓
9. NAKASHIMA, Mark M.	✓			
10. PINE, Kymberly Marcos				✓
11. THIELEN, Cynthia				✓
TOTAL (11)	8			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				