

Honolulu, Hawaii

APR - 7 2006

RE: H.B. No. 3100
H.D. 1
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,
to which was referred H.B. No. 3100, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to limit the down payment in a power of sale or nonjudicial foreclosure auction to not more than ten per cent of the highest successful bid price, with the down payment to be used, if the sale does not close, for the mortgagee's auction and escrow expenses, with the balance returned to the successful bidder.

Testimony in support of this measure was submitted by Title Guaranty of Hawaii, Inc.; the Hawaii Bankers Association; and the Hawaii Association of Realtors. Comments were submitted by the Hawaii Financial Services Association and the Community Associations Institute-Hawaii Chapter.

Your Committee finds that the parties have successfully discussed and resolved the issues regarding notice of power of sale foreclosures to owners within planned community associations. Your Committee also notes that the parties have agreed to continue discussions during the interim regarding the receipt of realistic contact information from lenders and transparency of the distribution of proceeds from power of sale foreclosures.

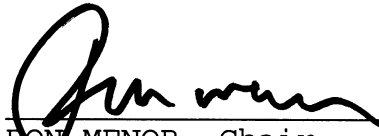


Accordingly, your Committee adopts the amendments proposed by Community Associations Institute-Hawaii Chapter following the parties' discussion. This measure has been amended by:

- (1) Removing the provision that the balance on the property would be due within ninety days following the sale;
- (2) Removing the provision that if the sale does not close, the down payment is to cover the auction expenses and escrow expenses incurred by the foreclosing mortgagee, with the balance of the down payment to be returned to the successful bidder;
- (3) Adding planned community associations to the list of entities that receive notice of power of sale foreclosures as provided in section 667-5.5, Hawaii Revised Statutes; and
- (4) Changing the effective date to September 1, 2006, to allow lenders a period for education before the measure is effective.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3100, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3100, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Housing,



RON MENOR, Chair



