

Legal Aid Society



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--of Hawaii--

The Honorable Robert N. Herkes, Chair
The Honorable Angus L.K. McKelvey, Vice Chair
House Committee on Consumer Protection and Commerce

Hearing : Thursday, January 31, 2008, 3:00 p.m.
State Capitol, Conference Room 325

IN SUPPORT OF HB 3104

Chair and Members of the Committees:

My name is Ryker Wada, representing the Legal Aid Society of Hawai'i ("LASH"). I am advocating for our clients who include the working poor, seniors, citizens with English as a second language, disabled and other low and moderate income families who are consumers. We are testifying in support of HB 3104 as it would strengthen protections for consumers in the State of Hawaii.

I supervise a housing counseling program in the Consumer Unit at the Legal Aid Society of Hawaii. The Homeownership Counseling Project provides advice to individuals and families about homeownership issues. Specifically the project provides information on how to prepare yourself before purchasing a home and what to do if you are in danger of losing your home through foreclosure. In the past Fiscal Year we serviced more than 200 clients in our Project.

HB 3104 seeks to create a new chapter in the Hawaii Revised Statutes to protect consumers from foreclosure rescue scams and fraudulent distressed property consultants who offer "help" to homeowners who are in arrears or foreclosure. This "help" usually comes in the form of scam artists who take a fee for negotiating with a distressed homeowners mortgage company. Instead the homeowners get little or nothing for their fee and the scam artist has disappeared with the homeowner's money. A more insidious form of the foreclosure rescue scam involves the scammer taking title to the homeowner's property with the homeowner staying in the property as a renter and attempting to buy it back over the next few years. The terms of these deals usually make it impossible for homeowners to buy back their property, allowing the scammer to walk off with all or most of a homes equity.



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LASHI anticipates a growing number of foreclosures in the coming years as the so-called exotic mortgage products mature and consumers are not able to keep up with their adjusted mortgage payments or find a suitable refinance. With the growing number of foreclosures, there will only be an increase in the number of foreclosure rescue scams and wronged consumers in the State of Hawaii.

The Legal Aid Society of Hawaii strongly supports HB 3104, and its efforts to protect the consumers in the State of Hawaii by creating a new chapter to protect homeowners from foreclosure rescue scams.

Conclusion:

We appreciate these committees' recognition of the need to protect consumers in the State of Hawaii. HB 3104 attempts to strengthen protections for consumers. We strongly support HB3104. Thank you for the opportunity to testify.