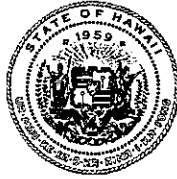


SB 3152

LINDA LINGLE
GOVERNOR
STATE OF HAWAII



LATE

MICAH A. KANE
CHAIRMAN
HAWAIIAN HOMES COMMISSION

BEN HENDERSON
DEPUTY TO THE CHAIRMAN

KAULANA H. PARK
EXECUTIVE ASSISTANT

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF MICAH A. KANE, CHAIRMAN
HAWAIIAN HOMES COMMISSION

BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND HAWAIIAN AFFAIRS

ON S.B. 3152
RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920, AS AMENDED

February 7, 2008

Chair Tokuda, Vice Chair English and Members of the Committee:

Thank you for the opportunity to testify on S.B. 3152 relating to the Hawaiian Homes Commission Act, 1920, as amended (HHCA). This bill would amend the HHCA to require the Department of Hawaiian Home Lands to consult with beneficiaries of the Hawaiian Home Lands Trust before agreeing to lower allowable loan limits. This measure was previously considered in 2007 under S.B. 940.

The Department of Hawaiian Home Lands (DHHL) supports the purpose and good intentions of this bill and has been working with beneficiary and beneficiary-serving organizations to identify ways that we can address DHHL's underlying needs and concerns which prompted the action that this bill attempts to address.

S.B. 3152 was introduced in response to an agreement reached between the Department and the Federal Housing Administration (FHA) which lowered the loan to value ratio to 75 percent on FHA "refinanced" mortgage loans on Hawaiian home lands. This was an operational decision made to reduce potential losses to the Trust in the event of a loan default. DHHL continues to allow an 85% loan to value ratio on refinanced mortgage loans if the proceeds are used for home improvements or renovations. For purchases or acquisitions, DHHL still accepts the FHA maximum loan to value ratio of 97.75%.

As the Committee may be aware, because Hawaiian home lands cannot be sold, traditional foreclosure processes do not apply to these Trust lands. As a result, DHHL must provide other security for these mortgage loans. As mentioned above, we are working with the beneficiary community on alternative solutions.

In addition, DHHL has developed working agreements and financing alternatives with several local banks that are providing conventional financing and offer loan to value ratios up to 95%.

Thank you for the opportunity to testify on this measure.



COUNCIL FOR NATIVE HAWAIIAN ADVANCEMENT

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LATE

Senator Jill N. Tokuda, Chair
Senator Kalani English, Vice Chair
Committee on Agriculture and Hawaiian Affairs

Testimony of Robin Puanani Danner, President & CEO
Council for Native Hawaiian Advancement

Hearing on Thursday, February 9, 2007, at 2:30 pm, Room 224

Support for SB 3152, Relating to Beneficiary Consultation on the FHA Loan Program

Honorable Senator Tokuda and Honorable Senator English, Members of the Committee:

Mahalo for the invitation to provide testimony on SB 1352, to amend the Hawaiian Homes Commission Act to require Beneficiary Consultation prior to implementing policies and agreements that lower the allowable loan limits for mortgage products designed for Hawaiian Home Land Trust properties.

The Council for Native Hawaiian Advancement (CNHA) is a community development nonprofit with a mission of enhancing the well being of Hawaii through the cultural, economic and community development of Native Hawaiians. We achieve our mission through capacity building of community based organizations, training and technical assistance, leadership development and convening our community around topical and important policy issues.

The Department of Housing and Urban Development (HUD) administers the FHA loan guarantee programs to promote homeownership and increase access to capital to all Americans all across the country. HUD administers a special FHA product known as FHA 248, a loan guarantee program for the trust lands of American Indians and Alaska Natives to provide an FHA loan product that considers the special trust land status of these communities of Native peoples. Similarly, HUD also administers the FHA 247 loan guarantee program to bring this important home loan resource to the trust lands of native Hawaiian beneficiaries of the Hawaiian Homes Commission Act. Generally speaking, the FHA loan products provide borrowers access to equity they own from the value of their homes and requires these borrowers to pay mortgage insurance fees into a reserve fund which is used by the State of Hawaii to cover delinquent loans.

With over 2,600 loans totaling more than \$300 million, the FHA 247 loan product is the single largest source of home loan capital in homestead communities today. It is a critical source, but also a loan portfolio that the trust must manage with care due to its size. We support SB 1352 because it will engage the State of Hawaii, Department of Hawaiian Home Lands in consultation with beneficiaries when making changes to the FHA 247 loan product that will inevitably impact Hawaii citizens and homestead homeowners.

Mahalo for this opportunity to provide testimony.

**Sovereign Councils
of the**



**Hawaiian Homelands
Assembly**

89-188 Farrington Highway
Wai'anae, Hawai'i 96792
Phone & Fax: (808) 696-2955

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Leah K. Pereira
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M. Kammy Purdy
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M. Kanani Kapuniai
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Hawai'i

Rev. N. Tasha Kama
Executive Officer
Maui

Appointed

G. Pikake Pelekai
Executive Director

**Senate Hearing
February 7, 2008**

2:45 pm – Room 224

**To: Senate Committee on Agriculture and Hawaiian
Affairs: Chair, Senator Jill Tokuda,
V. Chair. Kalani English**

**From: Mike Kahikina, Executive Assistant to the
Chairman for Government Affairs,
Sovereign Councils of the Hawaiian Homelands
Assembly (SCHHA)**

The SCHHA is in Support of SB 3152

We request your support of this Bill in the simple requirement of the DHHL to conduct beneficiary consultation with us due to the fact that when ever decisions are being made almost always will impact on us beneficiaries. This consultation Bill allows for the beneficiaries of the Hawaiian Home Lands Trust to be informed prior to any decision by the Commission and/or its Chair to us, the defined beneficiaries.

We are concerned for example that we be at the table when ever any decision might be made regarding Loan Capital. For too long the limiting or no access on decision making of such magnitude must always be a part of information sharing regarding and consultation exchange between those who make the ultimate decision and those who have to live with it in law and for generations to come.

Mahalo for your support.

ATTN: Senate Committee on Agriculture and Hawaiian Affairs

Dear Senator Tokuda and Senator English,

Please pass SB 3152 to create a new relationship between the state of Hawaii, DHHL and the beneficiaries of the Hawaiian Home Land Trust. This bill sets a new direction, one that ensures that the beneficiaries of the trust will be the first to know before DHHL agrees to lower loan to value limits on home loans used by beneficiaries. The time for a new relationship has come, please support this measure.

Although I wasn't affected directly, I found it incredibly upsetting that DHHL could unilaterally decide to take away financial resources from our homestead families by significantly lowering the loan to value limit on home loans. This would never have happened if they were required to first consult with homestead beneficiaries directly.

We, as beneficiaries deserve the basic consideration that this bill would create through beneficiary consultation. Notices and reports is not enough. It's our trust and we deserve more. Please, please do whatever you can to pass this bill. Engaging our people in the management of our assests; especially when it comes to determining the loan to value limit on home loans, is key to moving us to future successes and away from current and past failures.

--

Me ka ha'aha'a,
KipuKai

KipuKai Kualii
4210 Rice St #A2
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H: (808) 212-9192
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testimony

From: Joseph Carrillo [jcarrillo77@yahoo.com]
Sent: Tuesday, February 05, 2008 3:43 PM
To: testimony
Subject: SB 3152 / Attn: Senate Committee on Ag & Hwn Affairs

ATTN: Senate Committee on Agriculture and Hawaiian Affairs

Dear Senator Tokuda and Senator English,

Please pass SB 3152 to create a new relationship between the state of Hawaii, DHHL and the beneficiaries of the Hawaiian Home Land Trust. This bill sets a new direction, one that ensures that the beneficiaries of the trust will be the first to know before DHHL agrees to lower loan to value limits on home loans used by beneficiaries. The time for a new relationship has come, please support this measure.

Although I wasn't affected directly, I found it incredibly upsetting that DHHL could unilaterally decide to take away financial resources from Hawaiian homestead families by significantly lowering the loan to value limit on home loans. This would never have happened if they were required to first consult with homestead beneficiaries directly.

Beneficiaries deserve the basic consideration that this bill would create through beneficiary consultation. Notices and reports is not enough. It's their trust and they deserve more. Please, please do whatever you can to pass this bill. Engaging beneficiaries in the management of their assets; especially when it comes to determining the loan to value limit on home loans, is key to moving Hawai'i to future successes and away from current and past failures.

Mahalo,

Joseph P. Carrillo
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