
SENATE CONCURRENT RESOLUTION

REQUESTING FEDERAL PROGRAMS FANNIE MAE AND FREDDIE MAC TO ALLOW
SPECIAL RECONSIDERATION FOR A PRICING AND POLICIES
EXCEPTION TO THE HAWAII REAL ESTATE MARKET AND FOR FIRST-
TIME HOMEBUYERS WITH REGARD TO LOANS DELIVERED ON HAWAII
CONDOMINIUMS.

1 WHEREAS, due to the high cost of real estate in Hawaii, the
2 majority of first-time homebuyers are limited to purchasing
3 homes in condominium projects; and
4

5 WHEREAS, when financing condominiums, lenders who sell
6 mortgages to Fannie Mae and Freddie Mac -- federal government-
7 sponsored enterprises chartered by Congress with a mission to
8 provide liquidity and stability to the United States housing and
9 mortgage markets -- have been forced to conform to high price
10 adjustment schedules, such as adding a 75 basis point delivery
11 fee to all condominium loans, and a more inclusive hazard
12 insurance requirement such as "walls in" coverage at no less
13 than 20 per cent of the condominium's appraised value, which
14 have been developed based on national data and circumstances;
15 and
16

17 WHEREAS, Hawaii's condominium projects have a higher than
18 average ratio of non-owner occupied units as the result of high
19 rental demand that affects the levels of homeownership, and
20 private mortgage insurance policies have presale requirements on
21 condominium projects that have increased the owner-occupancy
22 percentage from 51 per cent to 70 per cent, which makes it
23 almost impossible to approve a condominium; and
24

25 WHEREAS, the ability of lenders to quickly approve new
26 projects has been hindered because of new policies, such as the
27 elimination of the limited project review or streamline review
28 for new projects and the type of litigation that is permissible
29 for a project review approval; and
30

1
2 WHEREAS, in Hawaii, this results in fewer condominiums
3 qualifying as "conforming" properties as defined by the
4 secondary mortgage market, and since conforming properties
5 qualify for the lowest mortgage rates available, the effect is a
6 reduction of the number of homes that Hawaii borrowers can
7 purchase; and

8
9 WHEREAS, Hawaii's critical affordable housing shortage
10 requires removal of any discriminatory barriers to mortgages so
11 that purchasers are able to qualify and obtain mortgages that do
12 not threaten them with future foreclosure; and

13
14 WHEREAS, Hawaii has enacted condominium association
15 regulations to ensure that projects have adequate financial
16 reserves to properly maintain their premises; now, therefore,

17
18 BE IT RESOLVED by the Senate of the Twenty-fifth
19 Legislature of the State of Hawaii, Regular Session of 2009, the
20 House of Representatives concurring, that federal programs
21 Fannie Mae and Freddie Mac are requested to allow special
22 reconsideration for a pricing and policies exception to the
23 Hawaii real estate market and for first-time homebuyers with
24 regard to loans delivered on Hawaii condominiums; and

25
26 BE IT FURTHER RESOLVED that certified copies of this
27 Concurrent Resolution be transmitted to the President and Chief
28 Executive Officer of Fannie Mae; Interim Chief Executive Officer
29 of Freddie Mac; Secretary of the United States Department of
30 Commerce, Housing and Urban Development; United States Senator
31 Daniel K. Inouye; United States Senator Daniel K. Akaka; United
32 States Representative Neil Abercrombie; United States
33 Representative Mazie Hirono; and the Governor of Hawaii.