

STAND. COM. REP. NO.

1399

Honolulu, Hawaii

APR 17 2009

RE: S.C.R. No. 174
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Education and Housing, to which was referred S.C.R. No. 174 entitled:

"SENATE CONCURRENT RESOLUTION SUPPORTING THE BUILDING OF
MODULAR AND FACTORY MANUFACTURED HOMES IN HAWAII,"

begs leave to report as follows:

The purpose of this measure, as received, is to support building modular and factory manufactured homes in Hawaii, not including trailer homes.

Prior to the hearing, your Committee circulated S.C.R. No. 174, Proposed S.D. 1.

As amended, this proposed measure requests that federal programs Fannie Mae and Freddie Mac 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.

Testimony in support of the proposed measure was submitted by one private organization. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that when financing condominiums, lenders who sell mortgages to Fannie Mae and Freddie Mac must conform to high price adjustment schedules, higher insurance requirements, and exclusionary private mortgage insurance policies such as the requirement of unattainable owner-occupancy

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percentages of seventy per cent, which have been developed based on national data and circumstances. Your Committee understands that in Hawaii, this results in more restrictive underwriting standards and higher borrowing costs, which low and moderate income borrowers cannot qualify for, nor afford, due to the higher cost of housing.

Your Committee supports efforts to encourage Fannie Mae and Freddie Mac to reconsider their policies with regard to Hawaii condominiums.

Your Committee has made a number of clarifying amendments in the Whereas clauses to provide additional information regarding the issues facing Hawaii-based lenders.

As affirmed by the record of votes of the members of your Committee on Education and Housing that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 174, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 174, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Education and
Housing,


NORMAN SAKAMOTO, Chair



