

Honolulu, Hawaii

March 31, 2010

RE: S.B. No. 2472  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and  
Judiciary, to which was referred S.B. No. 2472, S.D. 2, entitled:

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

beg leave to report as follows:

The purpose of this bill is to require mortgagees in a power-  
of-sale foreclosure to:

- (1) Provide the mortgagor with thirty days written notice of  
default and of the mortgagee's right to foreclose;
- (2) Advise the mortgagor of the availability of mortgage  
counseling; and
- (3) Upon request by the mortgagor, provide a copy of the  
promissory note and mortgage document to the mortgagor  
before initiating foreclosure proceedings.

This bill also provides that a public sale price of seventy  
percent of the fair market value of the mortgaged property is fair  
and reasonable.

The Hawaii Bankers Association and a concerned individual  
testified in support of this bill. The Hawaii Financial Services  
Association and Legal Aid Society of Hawaii supported the intent  
of this measure. The Hawaii Credit Union League, Hawaiian



Alliance, LLC, and numerous concerned individuals opposed this bill. The Department of Commerce and Consumer Affairs, Collection Law Section of the Hawaii State Bar Association, Hawaii Council of Associations of Apartment Owners, and Community Associations Institute - Hawaii Chapter, opposed this measure.

Your Committees have amended this bill by replacing its entire contents with provisions that:

- (1) Establish the Mortgage Foreclosure Task Force (Task Force) to analyze various factors affecting mortgage foreclosures in Hawaii. The Task Force will develop policies and procedures to improve the way mortgage foreclosures are conducted, analyze the effectiveness of current foreclosure procedures, and evaluate the feasibility of establishing a state entity to address mortgagor concerns and provide consumer education; and
- (2) Take effect on July 1, 2050.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2472, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2472, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Consumer  
Protection & Commerce and  
Judiciary,

  
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JON RIKI KARAMATSU, Chair

  
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ROBERT N. HERKES, Chair





