



1654 South King Street  
Honolulu, Hawaii 96826-2097  
Telephone: (808) 941.0556  
Fax: (808) 945.0019  
Web site: [www.hcul.org](http://www.hcul.org)  
Email: [info@hcul.org](mailto:info@hcul.org)



Testimony to the House Committee on Finance  
Monday, February 28, 2011 at 5:00 p.m.

Testimony in opposition to HB 1411 HD1, Relating to Mortgage Foreclosures

To: The Honorable Marcus Oshiro, Chair  
The Honorable Marilyn Lee, Vice-Chair  
Members of the Committee on Finance

We are Stefanie Sakamoto and Frank Hogan, Esq., and we are testifying on behalf of the Hawaii Credit Union League, the local trade association for 85 Hawaii credit unions, representing approximately 810,000 credit union members across the state.

We are in opposition to HB 1411, Relating to Mortgage Foreclosures. Mainly, this bill would require a form of mandatory mediation (dispute resolution), before any foreclosure action can take place. This bill would be extremely harmful to local lenders in Hawaii. In this difficult economic climate, credit is still extremely tight, as the economy has been slow to recover. This legislation has the ability to harm the mortgage market in Hawaii, which will in turn harm the housing market. Credit unions in Hawaii do everything in their power to keep borrowers in their homes whenever possible, and this is reflected in our small number of foreclosures. Credit unions in total have only 22 foreclosures currently in process, which is an extremely small number.

It is agreed upon between proponents of the bill and lenders that the foreclosure problem in Hawaii was not caused by local lenders. Therefore, it makes sense that we be excluded from this legislation. We are in agreement with the language proposed by the Hawaii Bankers Association and First Hawaiian Bank, which would apply to financial institutions based on asset size. The language is based upon language that already appears in Federal law.

The philosophy of credit unions has always been to "serve the underserved". We ask you to consider the impact this bill will have on our ability to deliver low-cost services to our member base. This bill will raise the cost of loans, and will result in a smaller amount of people who can afford to purchase a home.

Thank you for the opportunity to testify.