



L A T E

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Presentation of the Committee on Ways and Means
Thursday, February 24, 2011 at 9:00 a.m.
Testimony on SB 651 SD1 Relating to Mortgage

In Opposition

TO: The Honorable Chair David Y. Ige
The Honorable Vice Michelle Kidani
Members of the Committee

I am Gary Fujitani, Executive Director of the Hawaii Bankers Association (HBA), testifying in opposition to SB 651 SD1. HBA is the trade organization that represents all FDIC insured depository institutions doing business in Hawaii.

It is our understanding that SB 651 SD1 requires foreclosing mortgagees to engage in a dispute resolution process at the election of a mortgagor before carrying out a judicial or nonjudicial power of sale foreclosure; authorizes the supreme court to adopt rules for dispute resolution; places a moratorium on foreclosure actions; establishes a special fund for foreclosure dispute resolution to be expended by the judiciary; and makes an appropriation.

Lenders do not want to foreclose on homeowners. Therefore, lenders will work with willing borrowers to keep them in their homes. Most lenders participate in the Federal Home Affordable Modification Program or have their own modification programs to help troubled homeowners stay in their homes. However, it is our experience that most residential owner occupants are unable to make their mortgage loan payments due a reduction in income caused by unemployment or underemployment. So in most cases foreclosure medication does not really solve the underlying problem of loss of income.

Mandatory mediation and moratoriums on foreclosures would prolong the process. Unintended consequences could include: *higher interest rates; larger down payments; depressed property values delaying economic recovery (which harms sellers and*

neighborhoods); fewer borrowers able to qualify for loans; flood of foreclosures down the road.

Do not create a permanent "solution" to a temporary problem. We need to increase the number of jobs, not the number of foreclosed homes. We are sympathetic to the difficulty some borrowers are facing. An improving economy would benefit everyone. Homes prices increase and people's income will start to be restored. We do not want to be left with a policy that results in unintended consequences. While the legislation is well-intended it ultimately benefits relatively few and could have a negative impact on the state economy overall.

Hawaii depends on the "flow of funds" from outside the state to ensure loans to homeowners will continue. Restrictive and burdensome foreclosure laws are poor policy and will only serve to prolong Hawaii's real estate recovery.

Thank you for the opportunity to provide our testimony.

A handwritten signature in black ink, appearing to read 'Gary Y. Fujitani', with a horizontal line underneath.

Gary Y. Fujitani
Executive Director

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 10:22 AM
To: WAM Testimony
Cc: kalanifrommaui@gmail.com
Subject: Testimony for SB651 on 2/24/2011 9:00:00 AM

Testimony for WAM 2/24/2011 9:00:00 AM SB651

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Henry Long
Organization: Individual
Address:
Phone:
E-mail: kalanifrommaui@gmail.com
Submitted on: 2/24/2011

Comments:

Aloha My Name is Henry Long and I just Heard of this today. We are very much in support of this bill and strongly urge you to pass it. I am a Hawaiian Homes Resident and have we been to many different "organizations" for the last 2 years to save our home and our business. We have been denied Modification and have lost our preschool that we ran for the last 13 years in Kihei. Our home is now being threatened by Bank of America so we reapplied for a modification and sent out a packet yesterday but received a letter last night saying that we missed the deadline.

Mahalo
Henry "Kalani" Long IV
298-6229