

Honolulu, Hawaii

March 2, 2012

RE: H.B. No. 2019
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2019 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGES,"

begs leave to report as follows:

The purpose of this measure is to strengthen protections for mortgage consumers by prohibiting deficiency judgments to recover the remaining balance on mortgage loans for certain residential property sold in a foreclosure action or short sale, if:

- (1) The mortgagor has continuously occupied the property as a principal residence from the time the loan interest was secured, excluding reasonable periods of absence;
- (2) The mortgagor used the proceeds of the mortgage to purchase the property; and
- (3) The mortgage has not been refinanced.

The Legal Aid Society and an individual testified in support of this measure. The Hawaii Bankers Association, Hawaii Credit Union League, and Hawaii Financial Services Association testified in opposition to this measure. The Department of Commerce and Consumer Affairs, Office of Consumer Protection and Division of Financial Institutions, Hawaii Association of REALTORS, and Hawaiian Community Assets provided comments on this measure.

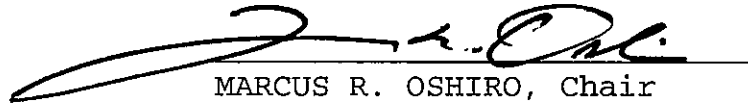


Your Committee has amended this measure by:

- (1) Deleting the uninterrupted occupancy and the absence of refinancing as conditions to barring a deficiency judgment in a foreclosure action, short sale, or deed in lieu of foreclosure; and
- (2) Extending the prohibition against deficiency judgments for remaining balances on mortgage loans to certain residential property conveyed through deeds in lieu of foreclosure as well as property sold in judicial foreclosures or short sales.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2019, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2019, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



