



January 29, 2013

**TESTIMONY IN SUPPORT OF HOUSE BILL 168
RELATING TO CIVIL RELIEF FOR MILITARY RESERVE COMPONENT
PERSONNEL**

**HOUSE COMMITTEE ON VETERANS, MILITARY AND INTERNATIONAL
AND CULTURAL AFFAIRS**

**HEARING ON WEDNESDAY, JANUARY 30TH AT 8:30 AM,
IN CONFERENCE ROOM 312**

Aloha Chair Takai: The Oahu Veterans Council is honored to serve at the pleasure of our veterans and their families. On January 26th, our delegates reviewed and voted unanimously to support House Bill 168.

We are extremely grateful for your efforts to prevent any court or mortgagee from commencing a proceeding to enforce a lien or foreclosure action against real property owned by a member of a reserve component of any branch of the United States Armed Forces, or member of the state military forces until that member of a reserve component or member has returned to the State for a period of one year.

Providing this legislative protection in state law endorses the intent and purpose of the federal military service members civil relief act (50 USC App. 501 et seq.), and is so important to our Veterans, and military/guard personnel who serve so selflessly and ask for no more recognition than we would expect for ourselves.

The Oahu Veterans Council respectfully urges your committee to consider passing House Bill 168 as written. Mahalo, for allowing us to testify, regarding this extremely important issue.

Dennis Egge

Dennis Egge; Chairman, Legislative Committee



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Presentation To
Committee on Veterans, Military, & International Affairs, & Culture and the Arts
January 30, 2013 at 8:30am
State Capitol Conference Room 312

Testimony on Bill H. B. 168

In Opposition

TO: The Honorable K. Mark Takai, Chair
The Honorable Ken Ito, Vice Chair
Members of the Committee

The Hawaii Bankers Association (HBA) is testifying in opposition to HB 168. HBA is the trade association representing all FDIC insured depository institutions operating in the State of Hawaii.

HB 168 proposes to provide further relief from enforcement of liens or mortgage foreclosure for Hawaii residents who are either members of the state military forces or members of a reserve component of a branch of the United States armed forces. While we have great respect and gratitude for these residents, banks in Hawaii already work very closely with these individuals to ensure no interruption of services, as well as special consideration for their circumstances. There is also Federal legislation, called the Servicemembers Civil Relief Act (SCRA), that governs banking relationships and transactions with individuals temporarily deployed overseas. This very comprehensive legislation provides a wide range of protections intended to postpone or suspend certain civil obligations to enable service members to devote full attention to duty and relieve stress on the family members of those deployed servicemembers. That includes suspending actions to enforce liens or drastic measures to resolve mortgage indebtedness.

Further, in this day and age, with sophisticated and inexpensive communications technologies, as well as online banking capabilities, bank customers are not substantially handicapped by the physical dislocation from their bank. Payment notices can be received electronically and payments can be scheduled and made automatically. Electronic communications has replaced the delivery of mail and banks and their customers have many options to maintain contact. So, a bank customer should be able to remain current with loan obligations, while miles away from home.

In summary, we believe that the additional relief for deployed servicemembers provided by HB 168 is not necessary, as banks are already committed to provide an abundance of relief for our dedicated citizens as they serve our country overseas. Please let us know if we can provide further information regarding this matter.

Edward Y. W. Pei
Executive Director
Hawaii Bankers Association
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HAWAII FINANCIAL SERVICES ASSOCIATION

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January 30, 2013

Rep. K. Mark Takai, Chair

and members of the House Committee on Veterans, Military & International Affairs, & Culture and the Arts

Hawaii State Capitol

Honolulu, Hawaii 96813

Re: **House Bill 168 (Civil Relief for Military Reserve Component Personnel)**

Hearing Date/Time: Wednesday, January 30, 2013, 8:30 a.m.

I am Marvin Dang, the attorney for the **Hawaii Financial Services Association** ("HFSA"). The HFSA is a trade association for Hawaii's consumer credit industry. Its members include Hawaii financial services loan companies (which make mortgage loans and other loans, and which are regulated by the Hawaii Commissioner of Financial Institutions), mortgage lenders, and financial institutions.

The HFSA **opposes this Bill** for the reasons stated below.

The purpose of this Bill is to prevent any court or mortgagee from commencing a proceeding to enforce a lien or foreclosure action against real property owned by a member of a reserve component of any branch of the United States Armed Forces or member of the state military forces until that member of a reserve component or member has returned to the State for a period of one year.

The federal Servicemembers Civil Relief Act ("SCRA"), 50 U.S.C.Appx. §§ 501 *et seq.*, protects servicemembers who are in military service and their dependents. For members of the Army, Navy, Air Force, Marine Corps, or Coast Guard, the term "military service" means active duty, as defined in section 10 U.S.C. § 101(d)(1). For a member of the National Guard, "military service" also includes service under a call to active service authorized by the President or the Secretary of Defense for a period of more than thirty consecutive days under section 32 U.S.C. § 502(f), for purposes of responding to a national emergency declared by the President and supported by federal funds. The SCRA provides protections in areas such as mortgage foreclosures, civil judicial proceedings, eviction, rental agreements, security deposits, prepaid rent, installment contracts, credit card interest rates, mortgage interest rates, automobile leases, life insurance, health insurance, and income tax payments.

Hawaii has a "Civil Relief for State Military Forces" law in Chapter 657D, Hawaii Revised Statutes. "Military services" in Hawaii's Civil Relief law means service on state active duty in any of the "state military forces". Under HRS Sec. 124A-1, "state military forces" means the National Guard, the organized naval militia of Hawaii, and any other military force organized under Hawaii law. Hawaii's Civil Relief law provides protections in areas such as mortgages, liens, default judgments, rent, assignments, leases, insurance, and taxes.

Because financial institutions value their relationship with members of the military, including those in the reserves and in the National Guard, the institutions will work with individuals who have problems paying their loans. As mentioned above, existing federal and Hawaii laws provide separate protections. There doesn't appear to be a compelling reason at this time to expand Hawaii protections. If additional protections are warranted, perhaps the Legislature, via a concurrent resolution, should urge that this be done at the federal level by amending the SCRA.

Accordingly, we ask you hold this Bill. Thank you for considering our testimony.



MARVIN S.C. DANG

Attorney for Hawaii Financial Services Association

LATE TESTIMONY



Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

January 30, 2013

The Honorable K. Mark Takai, Chair,
The Honorable Ken Ito, Vice Chair, and
Members of the House Committee on Veterans, Military and
International Affairs, and Culture and the Arts
State Capitol, Room 312
Honolulu, Hawaii 96813

Re: House Bill 168 Relating to Civil Relief for Military Reserve Component Personnel

Chair Takai, Vice Chair Ito, and Members of the House Committee on Veterans, Military and International Affairs, and Culture and the Arts:

I am Linda Nakamura, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of real estate lenders in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, and other financial institutions. The members of the MBAH originate the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation, it is related only to mortgage lending.

MBAH opposes HB168 Relating to Civil Relief for Military Reserve Component Personnel for the same reasons articulated by the Hawaii Bankers Association, which *inter alia* states:

"HB 168 proposes to provide further relief from enforcement of liens or mortgage foreclosure for Hawaii residents who are either members of the state military forces or members of a reserve component of a branch of the United States armed forces. While we have great respect and gratitude for these residents, banks in Hawaii already work very closely with these individuals to ensure no interruption of services, as well as special consideration for their circumstances. There is also Federal legislation, called the Servicemembers Civil Relief Act (SCRA), that governs banking relationships and transactions with individuals temporarily deployed overseas. This very comprehensive legislation provides a wide range of protections intended to postpone or suspend certain civil obligations to enable service members to devote full attention to duty and relieve stress on the family members of those deployed servicemembers. That includes suspending actions to enforce liens or drastic measures to resolve mortgage indebtedness.

Further, in this day and age, with sophisticated and inexpensive communications technologies, as well as online banking capabilities, bank customers are not substantially handicapped by the physical dislocation from their bank. Payment notices can be received electronically and payments can be scheduled and made automatically. Electronic communications has replaced the delivery of mail and banks and their

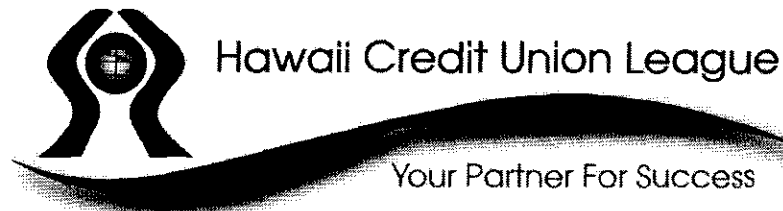
LATE TESTIMONY

customers have many options to maintain contact. So, a bank customer should be able to remain current with loan obligations, while miles away from home.

In summary, we believe that the additional relief for deployed servicemembers provided by HB 168 is not necessary, as banks are already committed to provide an abundance of relief for our dedicated citizens as they serve our country overseas."

Thank you for the opportunity to present this testimony.

LINDA NAKAMURA
President, Mortgage Bankers Association of Hawaii



LATE TESTIMONY

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Testimony to the House Committee on Veterans, Military, International Affairs, Culture, & the Arts
Wednesday, January 30, 2013 at 8:30 a.m.

Testimony Regarding HB 168, Relating to Civil Relief for
Military Reserve Component Personnel

To: The Honorable K. Mark Takai, Chair
The Honorable Ken Ito, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 80 Hawaii credit unions, representing approximately 811,000 credit union members across the state. We have reservations on HB 168.

While we fully understand and empathize with situations that may arise for servicemembers when they are called to active duty, we are asking for clarification as to the intent of this bill. Currently, state law (HRS 657D) provides for relief for military personnel in deployment situations. Additionally, there is federal law, the Servicemembers Civil Relief Act (SCRA), which offers a wide range of protections to servicemembers on active duty.

We ask that the length of relief time offered to servicemembers after their deployment not be longer than what is currently offered in federal law.

Thank you for the opportunity to provide comments.