

HAWAII FINANCIAL SERVICES ASSOCIATION

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LATE

January 30, 2013

Rep. Angus L.K. McKelvey, Chair
and members of the House Committee on Consumer Protection & Commerce
Hawaii State Capitol
Honolulu, Hawaii 96813

Re: **House Bill 676 (Discrimination)**
Hearing Date/Time: Wednesday, January 30, 2013, 2:00 p.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 as drafted and offers an amendment.

The purpose of this Bill is to prohibit discrimination in real property transactions based on lawful source of income. As stated on page 1 of this Bill, the purpose is to "prohibit discrimination based on lawful source of income in real estate transactions, including advertisements for available rental units." (emphasis added.) This Bill is intended to protect "renters who participate in government assistance programs, such as ... section 8 housing." (emphasis added.)

This Bill would amend Chapter 515, Hawaii Revised Statutes, relating to "Discrimination in Real Property Transactions", by adding a definition of "source of income" and inserting that term throughout the Chapter.

Because the focus of this Bill is on protecting renters, financial institutions want to ensure that the "source of income" changes in this Bill do not inadvertently impact lenders when buyers apply for real estate financing. Buyers of real property who apply for financing are already protected by fair lending laws, such as the federal Equal Credit Opportunity Act. Additional protection is through the federal Consumer Financial Protection Bureau (created by the Dodd-Frank Wall Street Reform and Consumer Protection Act) which regulates consumer protection regarding financial products and services. We incorporate by reference the points raised in the testimony of the Hawaii Bankers Association opposing this Bill as drafted.

Consistent with the stated purpose of this Bill, **we propose the following amendments:**

1. On page 2, line 2, delete "or buyer" in the proposed definition of "source of income".
2. On page 8, line 19, delete the proposed addition of the term "source of income" to HRS Sec. 515-5 (discriminatory financial practices).

Thank you for considering our testimony.

Marvin S. C. Dang

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