

HSGtestimony

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Subject: Submitted testimony for HB795 on Feb 4, 2013 08:45AM

HB795

Submitted on: 2/2/2013

Testimony for HSG on Feb 4, 2013 08:45AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
kurt	Individual	Oppose	No

Comments: Why is the government in the Housing Loan and Mortgage business? Better to leave this to the private sector.

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February 4, 2013

The Honorable Rida T.R. Cabanilla

House Committee on Housing
State Capitol, Room 329
Honolulu, Hawaii 96813

RE: H.B. 795, Relating to the Housing Loan and Mortgage Program

HEARING: Monday, February 4, 2013 at 8:45 a.m.

Aloha Chair Cabanilla, Vice Chair Woodson and Members of the Committee:

I am Aron Espinueva, Government Affairs Analyst, submitting comments on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,000 members. HAR **supports** H.B. 795, which updates the Hula Mae Single Family mortgage loan program to allow for broader program participation and adds a downpayment assistance program as a feature.

While housing continues to be one of the brighter spots in Hawaii's economy, affordable housing is still beyond the reach of many kama'aina – and not just the indigent and working poor. Today's face of affordable housing is not just our homeless, but our child's schoolteacher, our firefighter, nurse and police officer as well. Families that work hard to get on the housing ladder and begin building equity can, in the long run, be more self-reliant than those who don't take that step.

HAR therefore continues to support programs such as the Hula Mae Single Family mortgage loan program which will help promote homeownership for Hawaii's working families.

Mahalo for the opportunity to testify.



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
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IN REPLY REFER TO:

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

February 4, 2013 at 8:45 a.m.
State Capitol, Room 329

In consideration of
H.B. 795
RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.

The HHFDC ***supports*** H.B. 795, an Administration bill. H.B. 795 amends the Hula Mae Single Family program to allow broader participation among potential homeowners statewide.

The proposed amendments seek to accomplish the following things: (1) allow more households to qualify for the loan program by eliminating superfluous statutory eligibility criteria that are not mandated by the Internal Revenue Code for loans financed by tax-exempt revenue bonds; (2) offer downpayment assistance as an optional feature of Hula Mae Single Family program loans; and (3) delete statutory provisions within this subpart relating to two inactive programs, the Loans to Lenders and Purchase of Existing Loans Programs.

This bill also includes minor housekeeping and technical amendments to correct typographical errors.

Program Background

HHFDC's Hula Mae Single Family program is a mortgage loan program for families of low and moderate income that was initiated by the Legislature in 1979. The program's intent is to deliver low interest rate mortgage loans to families and individuals who cannot qualify in the conventional market.

The below-market interest rate mortgage loans homebuyers are funded by the issuance of tax-exempt revenue bonds. Eligible borrowers must meet income limits based on family size, purchase price limits, and must not have principal ownership in a home for the past three years.

The Legislature has authorized the issuance of up to \$2,275,000,000 in revenue bonds for this purpose. As of June 30, 2012, over \$1,821,000,000 in revenue bonds have been issued.

Borrowers interested in the program apply directly with participating lending institutions. The lending institutions review the borrowers' eligibility and qualifications and are responsible for verifying the qualifications of the borrowers, assuring that the borrowers have the financial ability to repay the Hula Mae loan, and servicing the loans they originate. Loans currently made under the program are securitized by the Federal National Mortgage Association. As of June 30, 2012, the Hula Mae Single Family program has helped over 10,000 families purchase their first homes.

We respectfully request your favorable consideration of this bill.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
Richard C. Lim
Director
Department of Business, Economic Development and Tourism
before the

HOUSE COMMITTEE ON HOUSING

February 4, 2013 at 8:45 a.m.
State Capitol, Room 329

In consideration of
H.B. 795
RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.

Chair Cabanilla, Vice Chair Woodson, and Members of the House Committee on Housing.

DBEDT **supports** H.B. 795, an Administration bill. H.B. 795 amends the Hula Mae Single Family program to allow broader participation among potential homeowners statewide.

The proposed amendments to the Hula Mae Single Family program will allow more households to qualify for the loan program, offer downpayment assistance as an optional feature of Hula Mae Single Family program loans, and delete obsolete statutory provisions relating to two inactive programs, the Loans to Lenders and Purchase of Existing Loans Programs. This bill also includes minor housekeeping and technical amendments to correct typographical errors.

DBEDT respectfully requests that the Committee pass this bill. Thank you for the opportunity to testify.