

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 584
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 584 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Remove the requirement that a co-mortgagor assisting a qualified resident in securing a mortgage to purchase a dwelling unit from the Hawaii Housing Finance and Development Corporation be a family member; and
- (2) Require a qualified resident who is assisted by a co-mortgagor to have an income of at least fifty percent of the amount required to qualify for a loan to purchase the dwelling unit.

Your Committee received testimony in support of this measure from one individual. Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation.

Your Committee finds that the Hawaii Housing Finance and Development Corporation is tasked with developing and financing low- and moderate-income housing projects and administering homeownership programs, including the provision of mortgages for



affordable housing units to qualifying residents. Some affordable units may still be unaffordable to first-time buyers without financial assistance from family and friends. For residents of Hawaii, "family" frequently extends to cousins, uncles, aunties, step-parents, and "hanai" family members who may not fall within the definition of "family" used by the Hawaii Housing Finance and Development Corporation, but who may still have the financial capacity and willingness to assist buyers with the down payment or qualification for a mortgage. By allowing extended or hanai family members to act as a co-mortgagor assisting a qualified resident in securing a mortgage to purchase a dwelling unit, more of the State's residents may qualify to purchase affordable housing.

However, your Committee recognizes the importance of qualified residents having the necessary income to qualify for a mortgage loan. Your Committee also finds that a more tailored amendment could accomplish the goal of allowing extended and hanai family members to provide assistance in securing a mortgage without repealing altogether the requirement that the co-mortgagor be a family member.

Accordingly, your Committee has amended this measure by:

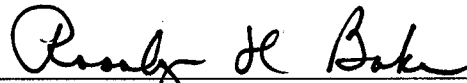
- (1) Reinstating language that requires that a co-mortgagor assisting a qualified resident in securing a mortgage to purchase a dwelling unit from the Hawaii Housing Finance and Development Corporation be a family member;
- (2) Inserting language that allows an extended or hanai family member to act as a co-mortgagor in assisting a qualified resident in securing a mortgage to purchase a dwelling unit from the Hawaii Housing Finance and Development Corporation;
- (3) Deleting language that would have required a qualified resident who is assisted by a co-mortgagor to have an income of at least fifty percent of the amount required to qualify for a loan to purchase the dwelling unit;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and



- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 584, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 584, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



