STAND. COM. REP. NO. 670 -06

Honolulu, Hawaii

Monh Z, 2006

RE: H.B. No. 3100

H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 3100 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE FORECLOSURES,"

begs leave to report as follows:

The purpose of this bill is to provide mortgagors an opportunity to retain ownership of their property in the event of a power of sale mortgage foreclosure and improve the foreclosure process by:

- (1) Providing mortgagors with a right of redemption within 90 days of the foreclosure; and
- (2) Limiting the downpayment required of the successful bidder at the public sale of the foreclosed property to not more than 25 percent of the highest successful bid price.

The Hawaii Bankers Association supported the bill in part and opposed the bill in part. The Hawaii Association of Realtors supported the intent of part of the bill. The Mortgage Bankers Hawaii Financial Services Association and Association of Hawaii offered comments.

Upon consideration, your Committee has amended this bill by:

(1) Removing the right of redemption;

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- (2) Limiting the successful public sale bidder's mandatory downpayment to 10 percent of the highest successful bid price;
- (3) Providing that if the sale does not close, the downpayment is to cover the foreclosing mortgagee's auction expenses and any escrow fees and costs, with the balance to be returned to the successful bidder; and
- (4) Making technical, nonsubstantive amendments for clarity and consistency.

Your Committee believes that these amendments will benefit the mortgagor by increasing competition during the foreclosure auction. Limiting the required downpayment to 10 percent of the successful bid will increase the number of people able to bid on the property at the foreclosure sale. This will allow the property to be sold for a higher price and reduce the chances that there will be a deficiency judgment against the mortgagor.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3100, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3100, H.D. 1, and be placed on the calendar for Third Reading.

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

ROBERT N. HERKES, Chair

## State of Hawaii House of Representatives The Twenty-third Legislature



## **Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.: HB 3100	Date:	3/1/06		
Committee Referral: CPC	☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to:  Pass, unamended	Pass, with amendments			
☐ Hold ☐ Recommit				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	V			HALL STATE
2. SCHATZ, Brian (VC)	<u> </u>			
3. CALDWELL, Kirk				
4. ITO, Ken				
5. KANOHO, Ezra R.				V
6. KARAMATSU, Jon Riki				
7. MORITA, Hermina M.	<b>√</b>			
8. SONSON, Alex M.				
9. SOUKI, Joseph M.				
10. MARUMOTO, Barbara C.				
11. STONEBRAKER, Bud				
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TOTAL	4			3
The recommendation is: Adopted				
☐ Not Adopted				
If joint referral, did not support recommendation.				
committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				