STAND. COM. REP. NO. 1693

Honolulu, Hawaii

RE: H.C.R. No. 77 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Legislative Management, to which was referred H.C.R. No. 77 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A STUDY ON PREDATORY MORTGAGE LENDING IN HAWAII,"

beg leave to report as follows:

The purpose of this concurrent resolution is to request the Auditor to conduct a study on predatory mortgage lending in Hawaii.

The Department of Commerce and Consumer Affairs, Legal Aid Society of Hawaii, Hawaii Alliance for Community-Based Economic Development, Hawaii Association of REALTORS, and a concerned individual testified in support of this measure. The Hawaii Association of Mortgage Brokers, Hawaii Bankers Association, and Hawaii Financial Services Association opposed this measure. The Mortgage Bankers Association of Hawaii submitted comments.

Your Committees note that predatory lending has more to do with bad lending practices rather than bad mortgage loan products. In many situations, the mortgage products are beneficial to the consumer when applied to the right circumstances. On the other hand, providing these same products inappropriately would be considered predatory lending.

HCR77 HD1 HSCR CPC-LMG HMS 2007-3474

Accordingly, your Committees have amended this measure by:

- (1) Adding discussion emphasizing that predatory lending is caused by the inappropriate use of mortgage loan products, rather than the products themselves; and
- (2) Specifying that the Auditor's study should address the acts and practices of mortgage brokers.

Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Legislative Management that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 77, as amended herein, and recommend that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 77, H.D. 1.

Respectfully submitted on behalf of the members of the Committees on Consumer Protection & Commerce and Legislative Management,

MICHAEL Y. MAGICAY, Chair

ROBERT N. HERKES, Chair

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State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HCR 77		Date: March 28, 2007				
Committee Referral: CPC/LMG, FIN		☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: \Box	Pass, unamended Pass, with amendments					
٥	 Pass, with amendments, for recommittal for further consideration 					
CPC Members		Ayes	Ayes (WR)	Nays	Excused	
1. HERKES, Robert N. (C)		Y				
2. McKELVEY, Angus L.K.	(VC)	L				
3. CALDWELL, Kirk		+				
4. EVANS, Cindy		4				
5. GREEN, Josh, M.D.		*				
6. ITO, Ken		ze				
7. · LUKE, Sylvia					V	
8. MORITA, Hermina M.					·	
9. SONSON, Alex M.	rain t	117			Ł	
10. SOUKI, Joseph M.		K				
11. TSUJI, Clift		4				
12. YAMANE, Ryan I.		4				
13. YAMASHITA, Kyle T.		· • •				
14. MARUMOTO, Barbara C.		·				
15. THIELEN, Cynthia		4				
TOTAL		12			3	
The recommendation is:	Adopted Adopted					
	Not Adopted					
14						
If joint referral, did not support recommendation. committee acronym(s)						
Na -						
Vice Chair's or designee's signature:						
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office						

State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Legislative Management

Bill/Resolution No.: HCR 77	Date:	Date: 03 - 28 - 07					
Committee Referral: CPC/LMG, FIN	☐ The com	☐ The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Pass, unamended	≯ Pa	Pass, with amendments					
☐ Hold		Pass, with amendments, for recommittal for further consideration					
LMG Members	Ayes	Ayes (WR)	Nays	Excused			
1. MAGAOAY, Michael Y. (C)							
2. TOKIOKA, James Kunane (VC)	- 父						
3. KARAMATSU, Jon Riki	<u> </u>						
4. OSHIRO, Blake K.	X						
5. FINNEGAN, Lynn				×			
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	. 17474900						
TOTAL	4	\square	\mathcal{O}				
The recommendation is:	ı						
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☐ Not Adopted							
If joint referral,	If joint referral, did not support recommendation.						
committee acronym(s)							
Vice Chatt's or designee's signature: Mi Wall A. Magnon							
Distribution: Original (White) - Committee Diplicate (Yellow) - Clerk's Office							