

HAWAII FINANCIAL SERVICES ASSOCIATION

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January 27, 2010

Rep. Robert N. Herkes, Chair
and members of the House Committee on Consumer Protection & Commerce
Rep. Jon Riki Karamatsu, Chair
and members of the House Committee on Judiciary
Hawaii State Capitol
Honolulu, Hawaii 96813

Re: **House Bill 2132 (Mortgage Foreclosures)**
Hearing Date/Time: Wednesday, January 27, 2010, 2:00 P.M.

I am the attorney for the **Hawaii Financial Services Association** ("HFSA"). The HFSA is the trade association for Hawaii's financial services loan companies which make mortgage and other loans and which are regulated by the Hawaii Commissioner of Financial Institutions.

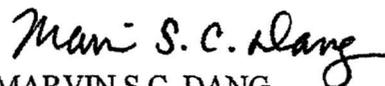
The HFSA **opposes** this Bill because we do not believe it is necessary.

The purpose of this Bill is to require foreclosing lenders to notify their mortgagors (borrowers) about mortgage counseling. This Bill would void a foreclosure if notice is not provided as required by this Bill.

Existing federal law already covers the scope of this Bill. Section 106(c)(5) of the federal Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(5)) requires lenders to inform borrowers about the availability of homeownership counseling. The federal Housing and Urban Development Act requires that a homeownership counseling notice be given to a delinquent homeowner borrower no later than 45 days after the date on which the homeowner becomes delinquent on the loan. The notice must inform the homeowner of the availability of any homeownership counseling offered by the lender and provide either a list of HUD-approved nonprofit homeownership counseling organizations or the toll-free number that HUD has established through which a list of such organizations can be obtained. That toll-free number is (800) 569-4287.

The information provided in the federal Act's notice is essentially the same information which would be in the notice required by this Bill. This is why this Bill is unnecessary.

Thank you for considering our comments.



MARVIN S.C. DANG

Attorney for Hawaii Financial Services Association

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Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

January 27, 2010

The Honorable Robert Herkes, Chair and
Members of the House Committee on
Consumer Protection and Commerce
State Capitol, Room 325
Honolulu, Hawaii 96813

The Honorable Jon Karamatsu, Chair and
Members of the House Committee on Judiciary
State Capitol, Room 325
Honolulu, Hawaii 96813

Re: House Bill 2132 Relating to Mortgage Foreclosures

Dear Chair Herkes, Chair Karamatsu, and members of the House Committee on
Consumer Protection and Commerce and members of the House Committee on Judiciary:

I am Rick Tsujimura representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of real estate lenders in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, and other financial institutions. The members of the MBAH originate the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation, it is related only to mortgage lending.

MBAH opposes House Bill 2132 Relating to Mortgage Foreclosures. Much of what the bill requires is already required under federal law. Under the Housing and Urban Development Act of 1968, lenders must notify homeowners of the availability of homeownership counseling, not later than 45 days after the loan becomes delinquent, and either provide to them a list of HUD approved nonprofit counseling centers or provide the toll free HUD number and HUD will provide the information.

Enacting multiple laws and requirements in this area will only lead to confusion and increase the costs of borrowing for lending institutions and ultimately borrowers.

For these reasons, we oppose House Bill 2132 and respectfully request that the bill be held. Thank you for the opportunity to present this testimony.

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