

STAND. COM. REP. NO. 1511

Honolulu, Hawaii

April 8, 2011

RE: S.B. No. 652  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 652, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill is to address concerns with the current foreclosure process in Hawaii by implementing the recommendations of the Mortgage Foreclosure Task Force in its preliminary report submitted to the Legislature for the Regular Session of 2011. More specifically, this bill:

- (1) Requires that the notice of intent to foreclose by power of sale be served not less than 21 days before the date of sale and must be served on all persons entitled to notice in the same manner as required for service of a civil complaint;
- (2) Prohibits pursuit of a deficiency judgment by a mortgagee against certain owner-occupants of a residential property that was foreclosed;
- (3) Allows an owner-occupant of a residential property subject to a nonjudicial foreclosure to convert the action into a judicial foreclosure;

SB652 HD1 HSCR FIN HMS 2011-3590



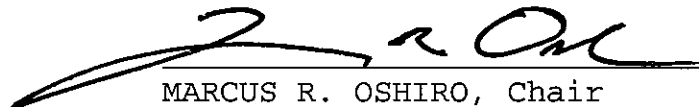
- (4) Specifies that public sales of real property pursuant to a nonjudicial power of sale foreclosure must be held at the state building in the county seat of the county in which the property is located; and
- (5) Provides that a mortgagor's interest is extinguished upon recordation of the affidavit in the Bureau of Conveyances or in the Land Court within 30 days of the sale of the property at public auction.

The Department of Commerce and Consumer Affairs, the Legal Aid Society of Hawaii, Mortgage Bankers Association of Hawaii, Hawaii Financial Services Association, and Certified Hawaii supported this bill. The Judiciary, Hawaii Association of Realtors, Hawaii Bankers Association, Hawaii Credit Union League, and CAI offered comments.

Your Committee has amended this bill by changing its effective date to July 1, 2030, to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 652, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 652, S.D. 2, H.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



MARCUS R. OSHIRO, Chair



