

DAVID Y. IGE
GOVERNOR



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STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

February 2, 2021 at 9:30 a.m.
State Capitol, Room 229

In consideration of
S.B. 27
RELATING TO HOMEBUYER ASSISTANCE.

The HHFDC opposes S.B. 27, which would establish a new State Mortgage Insurance Program to be administered by HHFDC. This program would allow HHFDC to guarantee up to the top 15 percent of the principal balance in a real property mortgage loan, up to an unspecified ceiling using funds generated from issuance of mortgage revenue bonds, and a monthly insurance fee to be remitted out of the monthly mortgage payments made by the borrower.

While we understand the desire to assist qualified residents in qualifying for mortgage loans by reducing the risk to private lenders, the HHDFC does not have the capacity nor resources to administer the program. Additional staffing and associated funding will be required: at a bare minimum, an 1.0 FTE Program Manager position and 1.0 FTE Office Assistant III position, and approximately \$200,000 per year in salary and fringe benefits. We also note that the new State Mortgage Insurance special fund created in this bill will require a General Fund appropriation of "seed" money for deposit into the special fund in the first year, as well as an appropriation out of the fund for the purposes for which the special fund is established.

Nevertheless, due to the difficult fiscal circumstances we currently face, and the hiring freeze State agencies are currently under HHFDC cannot support administering a new program at this time. It would take a minimum of two to three years to start up a new homeownership program, including identifying and selecting private banking partners, hiring and training staff to administer it, and promulgating program administrative rules.

Meanwhile, there are existing programs that already provide assistance to first-time homebuyers. First-time homebuyers who can provide a 5% downpayment can already access Federal Home Administration loans, and Fannie Mae Standard 97% LTV loans that are currently available statewide. We also partner with private lenders to provide first-time homebuyers with mortgage credit certificates.

Thank you for the opportunity to testify.



Testimony to the Senate Committee on Commerce and Consumer Protection
February 2, 2021, 9:30 am
Hawaii State Capitol, Via Videoconference

Comments on SB 27, Relating to Homebuyer Assistance

To: The Honorable Rosalyn Baker, Chair
The Honorable Stanley Chang, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 51 Hawaii credit unions, representing over 800,000 credit union members across the state. We offer the following comments on SB 27, Relating to Homebuyer Assistance.

This bill would establish the state mortgage insurance program to guarantee up to 15% of the principal of real property mortgage loans. We offer the following comments on SB 27.

We would suggest that this bill be amended so that guaranteed loans made under the proposed state mortgage insurance program be secured by a second mortgage on the subject property, not a first mortgage. The loan made by the private lender would be secured by a first mortgage on subject property. This would remove any unintended consequences of lien priority that could be problematic for the state, as well as for the lender.

Thank you for the opportunity to provide comments.

SB-27

Submitted on: 1/30/2021 11:43:55 PM

Testimony for CPN on 2/2/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Brett Kulbis	Testifying for Honolulu County Republican Party	Oppose	No

Comments:

Honolulu County Republican Party opposes SB-27.

The State has no right to use taxpayer money to guarantee any percentage of a home loan made to qualified borrowers by qualified private lenders. This is a clear case of redistribution of wealth!

Brett Kulbis
Chairman
Honolulu County Republican Party