

STAND. COM. REP. NO.

1479

Honolulu, Hawaii

MAR 21 , 2025

RE: S.B. No. 332
S.D. 1
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 332, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FORECLOSURES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Prohibit sellers of foreclosed homes in a nonjudicial foreclosure from bundling properties at a public sale and require each foreclosed home to be bid on separately; and
- (2) Specify that the sale of a foreclosed property is not final until the earliest of either fifteen days after the public sale, if an eligible bidder submits a subsequent bid or written notice of intent to submit a subsequent bid, or forty-five days after the public sale, if an eligible bidder submits a subsequent bid.

Your Committee received testimony in support of this measure from Lāhainā Strong.

Your Committee finds that the devastating Maui wildfires on August 8, 2023, was one of the worst natural disasters in the

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State's history. Your Committee further finds that as the foreclosure moratorium comes to an end, there are concerns Maui residents will face a wave of foreclosures that threatens their housing stability. To address these concerns, this measure prohibits the mass purchasing of foreclosed properties and allows certain entities to match or beat a public sale bid.

Your Committee notes that the language in this measure currently references the alternate power of sale foreclosure process, which is the nonjudicial foreclosure process available to condominium associations in part VI of chapter 667, Hawaii Revised Statutes (chapter 667). Part VI is a process for condominium associations that can be exercised when a unit owner has failed to pay an assessment; it does not apply to mortgaged properties and mortgagees that are subject to the power of sale foreclosure process in part II of chapter 667. Amendments are therefore necessary to reflect this measure's intent to focus only on mortgaged properties.

Accordingly, your Committee has amended this measure by:

- (1) Removing references to the alternate power of sale foreclosure process and clarifying that this measure applies only to power of sale foreclosures in part II of chapter 667; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 332, S.D. 1, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Judiciary & Hawaiian Affairs in the form attached hereto as S.B. No. 332, S.D. 1, H.D. 2.



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



SCOT Z. MATSUMOTO, Chair



