

**HAWAIIAN HOMES COMMISSION**  
**Minutes of December 20, 2011**  
**Meeting Held in Kapolei, O`ahu**

Pursuant to proper call, a special Meeting of the Hawaiian Homes Commission was held at the Department of Hawaiian Home Lands, 91-5420 Kapolei Parkway, Kapolei, Hawai`i, beginning at 1:30 p.m.

**PRESENT** Mr. Albert "Alapaki" Nahale-a, Chairman  
Ms. Leimana DaMate, Commissioner, West Hawai`i  
Mr. J. Kama Hopkins, Commissioner, O`ahu  
Mr. Michael P. Kahikina, Commissioner, O`ahu  
Mr. Renwick V.I. Tassill, Commissioner, O`ahu

**EXCUSED** Mr. Perry O. Artates, Commissioner, Maui  
Mr. Imaikalani Aiu, Commissioner, Kaua`i  
Mr. Ian B. Lee Loy, Commissioner, East Hawai`i  
Mr. Henry K. Tancayo, Commissioner, Moloka`i

**COUNSEL** Deputy Attorney General Matthew Dvonch

**STAFF** Michelle Ka`uhane Deputy to the Chairman  
Kip Akana, Compliance Officer  
Paul Ah Yat, Enforcement Officer  
Gerald Lau, Collections Loans Specialist  
Elaine Searle Secretary to the Commission

**PULE** Commissioner Kama Hopkins

**AGENDA** Commissioner M. Kahikina moved, seconded by Commissioner R. Tassill to approve the agenda. Motion carried unanimously.

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS  
HAWAIIAN HOMES COMMISSION SPECIAL MEETING

91-5420 Kapolei Parkway, Kapolei, O`ahu

Tuesday, December 20, 2011

1:30 P.M.

ORDER OF BUSINESS


Roll Call

D - HOMESTEAD SERVICES DIVISION

D-1 Request for Authorization to Initiate Contested Case Hearings Due To Loan Delinquencies for Department of Hawaiian Home Lands Lease No. 12254, Lease No. 12193, Lease No. 12232, Lease No. 12235, Lease No. 12191 and Lease No. 12215 all located at Waiehu-Kou IV, Maui, Hawai`i, and Lease No. 11454 located at Lei ali`i, Maui, Hawai`i.

ANNOUNCEMENTS AND ADJOURNMENT

1. Next Meeting – January 23, 2012
2. Other Announcements
3. Adjournment

  
Albert "Alapaki" Nahale-a, Chairman  
Hawaiian Homes Commission

COMMISSIONERS

Imaikalani P. Aiu, Kaua`i,  
Perry O. Artates, Maui  
Leimana DaMate, West Hawai`i  
J. Kama Hopkins, O`ahu

Michael P. Kahikina, O`ahu  
Ian B. Lee Loy, East Hawai`i  
Henry K. Tancayo, Moloka`i  
Renwick V.I. Tassill, O`ahu

Special Accommodations (such as Sign Language interpreter, large print, taped materials) can be provided, if requested at least five (5) working days before the scheduled meeting on the respective island by calling (808) 620-9590.

**D - HOMESTEAD SERVICES DIVISION**

**ITEM NO: D-1**

**SUBJECT: Request for Authorization to Initiate Contested Case Hearings Due to Loan Delinquencies for Department of Hawaiian Home Lands Lease No. 12254, Lease No. 12193, Lease No. 12232, Lease No. 12235, Lease No. 12191 and Lease No. 12215 at Waiehu-Kou IV, Maui and Lease No., 11454, Lei ali`i**

**MOTION/ACTION**

Moved by Commissioner M. Kahikina, seconded by Commissioner R. Tassill.

**DISCUSSION**

The department is requesting the commission to authorize a contested case hearing for lessees listed in this submission due to loan delinquencies stated Deputy Michelle Ka`uhane. Delinquent amounts include interest and penalties which the department is required to remunerate to American Savings Bank (ASB) before a contested case hearing can be initiated. Lessees will be given net proceeds should the sale of the home exceed the appraised value of the home thus giving the department an opportunity to re-coup the amounts paid out on these delinquent loans. This motivates the department to accelerate this process in order to protect our interest, added Chairman Nahale-a

There are challenges in the conventional loan product noted Deputy M. Ka`uhane. One of the issues is due to a lender paid mortgage insurance where no reserve pool was established for the department to pay these losses. Example: A \$200,000 loan with interest rate at 4.5%, the borrower was charged 5.5% because it was a mortgage paid lender insurance. No monies were set aside to pay for losses. Most, if not all of these lessees, were provided loans with no down payment. Some lessees included closing costs in their loans, allowing them to borrow up to 103% of the loan.

Generally, a hearings officer represents the commission on the initial contested case hearing; however, to advance the process, the commission plans to initiate these hearings. Hearing notices will be sent to these lessees once the request is approved. Deputy Attorney General M. Dvonch is assured the department is compliant with all requirements in this matter.

Commissioner M. Kahikina inquired as to why the lessee should be entitled to net proceeds if the lessee is in violation of the lease. Deputy Chairman M. Ka`uhane articulated that an appraised value of \$220,000 with a payoff of \$211,000 and enforcement costs that exceed the appraised value would likely negate the payoff to cover incurred costs. The department would likely not be able to recover its losses as it has been the practice of the department to not reclaim those damages. Chairman Nahale-a specified that practice may change.

The length of time it takes the department to process as the trust does not support the beneficiary. If action is taken sooner, there is a possibility we can preserve the lessee's credit. If not, the lessee is doomed to fail even to a point of securing a rental. These families will then wind up moving in with family, overcrowding and eventual homelessness. The option would be to support enforcement causing us to intervene sooner, claimed Deputy Chairman M. Ka`uhane. When it takes this length of time to address the issue, the department loses.

Chairman Nahale-a confirmed these contested cases can be brought before the commission on January 17, 2012 on Maui to allow these lessees an opportunity to make a presentation before the commission.

ACTION

Motion carried unanimously.

ANNOUNCEMENTS

ADJORNMENT: 1:45 P.M.

**ANNOUNCEMENTS AND ADJOURNMENT**

**NEXT MEETING** January 23 - 24, 2012, Kapolei, O`ahu

**ANNOUNCEMENTS**

The next regular monthly meeting will be held on January 23, 2012 in Kapolei.

Information on the Corboy v Louie will be shared with other trust entities in a closed meeting next week.

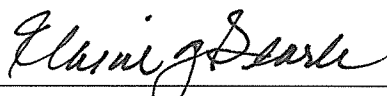
**ADJOURNMENT** 1:45 P.M.

Respectfully submitted:



 Albert P. Nahale-a, Chairman  
Hawaiian Homes Commission

Prepared by:



Elaine G. Searle  
Secretary to the Commission

APPROVED BY:  
The Hawaiian Homes Commission  
At Its Regular Monthly Meeting Of  
February 21, 2012



Albert "Alapaki" Nahale-a, Chairman  
Hawaiian Homes Commission