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COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 25, 2019

TO: The Honorable Maile S.L. Shimabukuro, Chair
Senate Committee on Hawaiian Affairs

FROM: Kelly T. King
Council Chair

A handwritten signature in black ink that reads "Kelly T. King".

SUBJECT: **TESTIMONY IN SUPPORT OF SR 32, RELATING TO SUPPORTING THE GOVERNOR'S EFFORTS IN URGING THE BANK OF AMERICA TO RETURN TO HAWAII TO MEET WITH NA PO'E KOKUA AND THE HAWAII FAIR LENDING COALITION TO REACH A SETTLEMENT AGREEMENT RELATING TO A \$150,000,000 LOAN COMMITMENT FOR NATIVE HAWAIIANS ON HAWAIIAN HOME LANDS**

Thank you for the opportunity to testify in **support** of this important measure. The purpose of this measure is to support the Governor's efforts in urging the Bank of America to return to Hawaii to meet with Na Po'e Kokua and the Hawaii Fair Lending Coalition to reach a settlement agreement relating to a \$150,000,000 loan commitment for native Hawaiians on Hawaiian home lands.

I offer this testimony on behalf of the Maui County Council, which adopted Resolution 18-178 at its meeting of November 2, 2018, supporting these efforts. A copy is attached for your reference.

Also attached is a copy of my letter to Ms. Cathy Bessant, Chief Operations and Technology Officer, Bank of America, dated October 5, 2018, urging her good-faith response. To date, Bank of America has not responded to my letter, nor have they responded to Governor Ige's invitation to return to Hawaii to settle this unfulfilled commitment.

I am pleased to see the Hawaii State Senate join the united efforts of Governor Ige and the Maui County Council to help resolve this important issue. It is my hope that Ms. Bessant will view this hearing as an opportunity to respond to questions that are being raised throughout Hawaii concerning this matter.

For the foregoing reasons, I **support** this measure.

Resolution

No. 18-178

**SUPPORTING THE GOVERNOR'S EFFORTS TO
INTERVENE BETWEEN NĀ PO'E KŌKUA, THE
HAWAII FAIR LENDING COALITION, AND THE
BANK OF AMERICA TO REACH A SETTLEMENT
AGREEMENT RELATING TO A \$150 MILLION
LOAN COMMITMENT FOR NATIVE HAWAIIANS
ON HAWAIIAN HOME LANDS**

WHEREAS, in 1993, Nā Po'e Kōkua (NPK), an organization established to assist native Hawaiians with housing and related matters, formed the Hawaii Fair Lending Coalition (HFLC) and began researching how banks in Hawaii were treating native Hawaiians; and

WHEREAS, among its findings, HFLC discovered that Bank of America (BofA) was conducting discriminatory lending practices in the form of redlining, the practice of denying services to residents of certain areas based on the racial or ethnic composition of those areas, by not providing mortgages on Hawaiian Home Lands; and

WHEREAS, in May 1994, as a result of HFLC's efforts and as a condition of BofA's acquisition of Liberty Bank, the Federal Reserve System ordered BofA to make \$150 million in FHA-247 mortgages available on Hawaiian Home Lands by 1998; and

WHEREAS, by the 1998 deadline, BofA provided only \$3,109,502 of the \$150 million in FHA-247 mortgages ordered by the Federal Reserve System; and

WHEREAS, in 1998, BofA recommitted to meet the \$150 million loan commitment to native Hawaiians and to pay a \$4.5 million late fee based on the opportunity cost of its failure to fulfill its required commitment; and

WHEREAS, the BofA executive responsible for this recommitment was Catherine P. Bessant, then in charge of Community Development, who traveled to Hawaii with other senior bank executives in August 1998 to meet with Governor Cayetano, Hawaiian kupuna, and other community leaders from NPK/HFLC at Iolani Palace; and

Resolution No. 18-178

WHEREAS, in 2012, the Hawaiian Homes Commission unanimously confirmed that the BofA commitment remained unfulfilled, and expressed support for HFLC's consistent and ongoing efforts to hold BofA accountable; and

WHEREAS, on April 18, 2018, Governor Ige invited Catherine P. Bessant to return to Hawaii for a meeting with NPK/HFLC "to reach a fair and final settlement of BofA's outstanding \$150 million commitment to the Hawaiian people on their homelands"; and

WHEREAS, BofA originated \$13,092,314 in loans on Hawaiian Home Lands from 1994-2012, and has made no FHA-247 loans since, according to account information provided by the United States Department of Housing and Urban Development (HUD) on August 20, 2018, in response to a Freedom of Information Act request; and

WHEREAS, based upon HUD data, lost opportunities for building equity and reaping the benefits of a booming housing market, and paying affordable mortgages rather than skyrocketing rents over the last twenty years for 890 native Hawaiian families who should have received BofA mortgages by 1998, but did not, and the families who did receive loans up to 13 years after the deadline, preliminary estimates for BofA's late fees are approximately \$360.6 million; now, therefore,

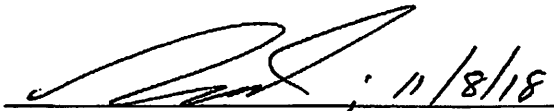
BE IT RESOLVED by the Council of the County of Maui:

1. That it does hereby support the Governor's efforts to intervene between Nā Po'e Kōkua, the Hawaii Fair Lending Coalition, and the Bank of America to reach a settlement agreement relating to a \$150 million loan commitment for native Hawaiians on Hawaiian Home Lands, now twenty years overdue; and
2. That it urges Catherine P. Bessant to return to Hawaii to meet with NPK/HFLC to reach a fair and final settlement, as invited by Governor Ige; and

Resolution No. 18-178

3. That in addition to providing the mortgages on Hawaiian Home Lands as ordered by the Federal Reserve System, BofA must address the estimated \$360.6 million in lost opportunity costs for native Hawaiians on Hawaiian Home Lands and a \$4.5 million late fee for failing to fulfill its required commitment; and
4. That certified copies of this resolution be transmitted to Brian T. Moynihan, Chief Executive Officer, Bank of America; Anne M. Finucane, Vice Chairman, Bank of America; Catherine P. Bessant, Chief Operations and Technology Officer, Bank of America; Jerome H. Powell, Chairman, Board of Governors, Federal Reserve System; Lael Brainard, Chair of the Committee on Consumer and Community Affairs, Board of Governors, Federal Reserve System; the Honorable David Ige, Governor, State of Hawaii; the Honorable Brian Schatz, United States Senator; the Honorable Mazie Hirono, United States Senator; the Honorable Alan Arakawa, Mayor, County of Maui; the Honorable Mel Rapozo, Chair, Kauai County Council; the Honorable Valerie T. Poindexter, Chair, Hawaii County Council; the Honorable Ernest Y. Martin, Chair, Honolulu City Council; and Kehaulani Filimoe`atu, Nā Po`e Kōkua/Hawaii Fair Lending Coalition.

APPROVED AS TO FORM AND LEGALITY



EDWARD S. KUSHI, JR.
Department of the Corporation Counsel
County of Maui

2018-1501/2018-1576

paf:ldm:18-290c

COUNCIL OF THE COUNTY OF MAUI

WAILUKU, HAWAII 96793

CERTIFICATION OF ADOPTION

It is HEREBY CERTIFIED that RESOLUTION NO. 18-178 was adopted by the Council of the County of Maui, State of Hawaii, on the 2nd day of November, 2018, by the following vote:

MEMBERS	Michael B. WHITE Chair	Robert CARROLL Vice-Chair	Aiika ATAY	Eleanora COCHRAN	S. Stacy CRIVELLO	Donald S. GUZMAN	G. RIKI HOKAMA	Kelly T. KING	Yuki Lei K. SUGIMURA
ROLL CALL	Aye	Aye	Aye	Aye	Aye	Aye	Excused	Aye	Aye



COUNTY CLERK

Council Chair
Mike White

Vice-Chair
Robert Carroll

Presiding Officer Pro Tempore
Stacy Crivello

Councilmembers
Alika Atay
Elle Cochran
Don S. Guzman
Riki Hokama
Kelly T. King
Yuki Lei K. Sugimura



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COUNTY COUNCIL
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October 5, 2018

Catherine P. Bessant
Chief Operations and Technology Officer
Bank of America Corporate Center
100 North Tryon Street
Charlotte NC 28255

Aloha Ms. Bessant,

I am writing to let you know that I fully support Hawaii's Governor David Y. Ige in his letter to you dated April 18, 2018. The Governor's letter describes the situation surrounding the unfulfilled \$150 million dollar pledge by Bank of America in 1994 to the FHA loan program. He also requests your presence here in Hawaii to meet with representatives of the Hawaiian community to explain why Bank of America has not honored this commitment from so long ago.

I urge you to respond in good faith, come to Hawaii and meet with Kehau Filimoe'atu, representative for the Hawaiian beneficiaries, and help clarify the situation for all concerned. My office is at your disposal if I can be of any assistance.

Mahalo for your prompt attention to this matter.

Handwritten signature of Kelly T. King in black ink.

KELLY T. KING
Councilmember
(808) 270-7108

cc: File