

STAND. COM. REP. NO. 927

Honolulu, Hawaii

MAR 25 2009

RE: H.B. No. 1071  
H.D. 3  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1071, H.D. 3, entitled:

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

begs leave to report as follows:

The purpose of this measure is to establish a system of licensure and regulation of mortgage servicers of residential mortgage loans secured by real property located in Hawaii.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Office of Hawaiian Affairs, Hawaii Financial Services Association, and Legal Aid Society of Hawaii. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that mortgage servicers are frequently a borrower's only contact for information regarding the borrower's mortgage loan and are the only party to which a borrower has access to address and resolve matters that can arise in the course of making payments on that loan. Your Committee further finds that many servicers are unable or unwilling to assist borrowers in distress to negotiate a modification or workout of a delinquent loan because of financial disincentives that are inherent in the foreclosure process. Your Committee finds that licensure and regulation is necessary to protect Hawaii homeowners, especially as the rate of home mortgage foreclosures rises due to the current economic recession.

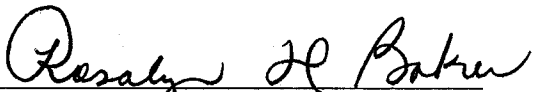


Your Committee has amended this measure by:

- (1) Assigning regulatory responsibility and oversight of mortgage servicers to the Commissioner of Financial Institutions;
- (2) Specifying that the fee for license application shall be \$500 and the fee for license renewals shall be \$250;
- (3) Clarifying that the licensure and regulatory provisions in this measure apply to any person engaged in the business of mortgage servicing in this State, regardless of actual physical presence in the State;
- (4) Specifying the activities that are prohibited pursuant to this measure;
- (5) Changing the effective date to January 1, 2010; and
- (6) Making technical, nonsubstantive changes for the purposes of clarity and accuracy in the language of this measure.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1071, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1071, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

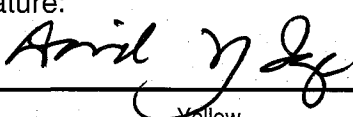
Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

  
ROSALYN H. BAKER, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>HB 1071 HD3</b>	Committee Referral: <b>CPN, WAM</b>	Date: <b>3/19/2009</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
GREEN, M.D., Josh	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
TOTAL	5			2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted           <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">  </div>				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

**\*Only one measure per Record of Votes**