STAND. COM. REP. NO. 437

Honolulu, Hawaii Feyg, 2009

RE: H.B. No. 1438 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Judiciary, to which was referred H.B. No. 1438 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE LOAN ORIGINATORS,"

beg leave to report as follows:

The purpose of this bill is to protect homebuyers by replacing the Mortgage Brokers and Solicitors Law under Chapter 454, Hawaii Revised Statutes, with a new law regulating mortgage loan originators.

The Office of Hawaiian Affairs and Hawaii Bankers Association testified in support of this bill. The Legal Aid Society of Hawaii supported the intent of this measure. The Department of Commerce and Consumer Affairs (DCCA) and Hawaii Financial Services Association opposed this bill. State Farm Insurance Companies and the Hawaii Association of Mortgage Brokers provided comments.

While this bill is the latest attempt in the last several years to reform mortgage broker regulation, there are additional considerations this time around. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) was passed in July 2008, establishing a uniform licensing and registration system for all mortgage loan originators, including mortgage brokers and loan officers. If a state does not implement laws consistent with the SAFE Act by federally established deadlines, the federal Department of Housing and Urban Development will provide the regulatory system.



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In light of these circumstances and the prospect of ceding regulatory authority over mortgage brokers to federal control, your Committees continue to carefully consider the merits of this bill.

Accordingly, your Committees have amended this bill by changing its effective date to January 1, 2020, to encourage further discussion. Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1438, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1438, H.D. 1, and be referred to the Committee on Finance.

> Respectfully submitted on behalf of the members of the Committees on Consumer Protection & Commerce and Judiciary,

ARAMATSU, Chair

ROBERT N. HERKES, Chair



State of Hawaii House of Representatives The Twenty-fifth Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 1438	Committee Referral: CPC/JUD, FIN		D	Date: 2/9/09		
The committee is reconsidering its p	previous decision	on the measure.				
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CPC Members		Ayes	Ayes (WR)	Nays	Excused	
1. HERKES, Robert N. (C)		\sim				
2. WAKAI, Glenn (VC)						
3. BELATTI, Della Au						
4. CABANILLA, Rida						
5. CARROLL, Mele		/				
6. ITO, Ken		V				
7. KARAMATSU, Jon Riki			+			
8. LUKE, Sylvia		\checkmark				
9. McKELVEY, Angus L.K.						
10. MIZUNO, John M.						
11. MORITA, Hermina M.		~				
12. SOUKI, Joseph M.						
13. TSUJI, Clift		\checkmark ,				
14. MARUMOTO, Barbara C.		\checkmark			ernise was greated a freeker (*	
15. THIELEN, Cynthia		\checkmark				
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Record of Votes of the Committee on Judiciary

Bill/Resolution No.: HB 1438	Committee Referral: CPC/JUD_FII	↓ Date	219/0	9
The committee is reconsidering its previous				
	namended (as is) P -Par hort form bill with HD to reco	ss, with amendments mmit for future publi		
JUD Members	Ayes	Ayes (WR)	Nays	Excused
1. KARAMATSU, Jon Riki (C)				
2. ITO, Ken (VC)	~			
3. BELATTI, Della Au	~			
4. CABANILLA, Rida	4			
5. CARROLL, Mele				\checkmark
6. HERKES, Robert N.				
7. LUKE, Sylvia	<i>.</i>			
8. McKELVEY, Angus L.K.				
9. MIZUNO, John M.				- I
10. MORITA, Hermina M.				
11. OSHIRO, Blake K.	× ×			<u> </u>
12. SOUKI, Joseph M.				
13. TSUJI, Clift				
14. WAKAI, Glenn				
15. MARUMOTO, Barbara C.				
16. THIELEN, Cynthia				
TOTAL (16)	12-	0	0	4
The recommendation is: Adop If joint re	5	did not suppo	ort recommendation	
Vice Chair's or designee's signature:	Folt			
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