STAND. COM. REP. NO. 853 -10

Honolulu, Hawaii Machiger, 2010 RE: S.B. No. 2603 S.D. 2 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Judiciary, to which was referred S.B. No. 2603, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT,"

beg leave to report as follows:

The purpose of this bill is to facilitate the effective regulation of mortgage loan originators under the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act), Chapter 454F, Hawaii Revised Statutes (HRS), by:

- Making amendments to the application, licensing, and regulatory requirements of the SAFE Act;
- (2) Establishing the Mortgage Loan Recovery Fund to protect consumers harmed by violations of the SAFE Act;
- (3) Including mortgage loan originator companies under the regulation of the SAFE Act; and
- (4) Appropriating funds for the hiring of staff within the Department of Consumer Affairs' (DCCA) Division of Financial Institutions to effectuate the purposes of the SAFE Act.



STAND. COM. REP. NO. 800 -10 Page 2

DCCA and the Hawaii Association of Mortgage Brokers testified in support of this bill. The Hawaii Financial Services Association supported the intent of this measure.

Act 32, Special Session laws of Hawaii 2009, established the SAFE Act, which takes effect on July 1, 2010, and provides a new regulatory framework for the licensing of residential mortgage professionals that brings Hawaii into compliance with federal requirements set forth in the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008. Your Committees find that this bill furthers the efforts of Act 32 by providing a smooth transfer from the regulation of residential mortgage professionals under Chapter 454, HRS, to the new system under the SAFE Act, including the provision of human resources to handle the initial administrative challenges of processing applications for new licenses and to continuously administer the requirements of the SAFE Act.

Your Committees have amended this bill by:

- Blanking out the amounts for licensing fees under the SAFE Act, for further consideration by the Committee on Finance; and
- (2) Authorizing, rather than requiring, the Director of DCCA to execute agreements with the Director of Human Resources Development and the Director of Taxation for the temporary exchange of employees to assist DCCA's Division of Financial Institutions in the timely processing of applications for licensure under the SAFE Act.

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 S.B. No. 2603, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2603, S.D. 2, H.D. 1, and be referred to the Committee on Finance.



STAND. COM. REP. NO. 893 -10 Page 3

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

Chair J AMATSU,

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.:	Committee Referral:	Date	3/11	10
SB 2603, SD2	CPC/JUD,FIN		11	10
□ The committee is reconsidering its prev	ious decision on the measure		/ /	
		Pass, with amendments		
D Pass s	short form bill with HD to re	commit for future publ	ic hearing (recomn	nit)
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)				
2. WAKAI, Glenn (VC)	V			
3. BELATTI, Della Au	1			
4. CABANILLA, Rida		-		
5. CARROLL, Mele		/		
6. ITO, Ken	V			
7. KARAMATSU, Jon Riki				V
8. LUKE, Sylvia				V
9. McKELVEY, Angus L.K.	V			
10. MIZUNO, John M.				
11. MORITA, Hermina M.	V,			
12. SOUKI, Joseph M.	V			
13. TSUJI, Clift	V			
14. MARUMOTO, Barbara C.	V	-		
15. THIELEN, Cynthia				
		1	/	
TOTAL (15)	12	- 0	Ø	3
The recommendation is: Ado If joint r		did not suppo	ort recommendatio	n.
Vice Chair's or designee's signature:	Sigh			
Distribution: Original (White) – Commit	tee Duplicate (Yellow	) – Chief Clerk's Office	e Duplicate (	Pink) – HMSO

State of Hawaii House of Representatives The Twenty-fifth Legislature



## Record of Votes of the Committee on Judiciary

Bill/Resolution No.: SB2603, SD2 CPC/JUD, FIN Date: 3/11/2610							
□ The committee is reconsidering its previous decision on the measure.							
The recommendation is to: □ Pass, unamended (as is) ↓ Pass, with amendments (HD) □ Hold   □ Pass short form bill with HD to recommit for future public hearing (recommit)							
JUD Members	Ayes	Ayes (WR)	Nays	Excused			
1. KARAMATSU, Jon Riki (C)	/			X			
2. ITO, Ken (VC)	~						
3. BELATTI, Della Au				X			
4. CABANILLA, Rida	V						
5. CARROLL, Mele	V						
6. HERKES, Robert N.	V						
7. LUKE, Sylvia				X			
8. McKELVEY, Angus L.K.	V						
9. MIZUNO, John M.							
10. MORITA, Hermina M.							
11. OSHIRO, Blake K.	V						
12. SOUKI, Joseph M.	~						
13. TSUJI, Clift							
14. WAKAI, Glenn	V,						
15. MARUMOTO, Barbara C.							
16. THIELEN, Cynthia							
TOTAL (16)	13	Ð	Ð	3			
The recommendation is: Adopted If joint referral, did not support recommendation.							
Vice Chair's or designee's signature: <u>kida Cabanilla</u>							
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO							