STAND. COM. REP. NO. 199 -10

Honolulu, Hawaii Monch 17, 2010

RE: S.B. No. 2921 S.D. 1 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 Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2921, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES,"

begs leave to report as follows:

The purpose of this bill is to increase consumer protections and help ensure consistency for all entities performing escrow services relating to Hawaii real property by requiring the entity operating as an escrow depository for property located in the state to be licensed by the Commissioner of Financial Institutions.

Title Guaranty Escrow Services, Inc., supported this bill with amendments. The Department of Commerce and Consumer Affairs opposed this measure.

Escrow transactions involve large sums of money and the handling of documents affecting title to real property. Since escrow companies have fiduciary responsibilities toward the parties involved in these transactions, there are certain laws and regulations in place meant to protect these parties. Escrow transactions concerning Hawaii real property, therefore, should be handled by escrow depositories licensed in the state and subject to state regulations. Current statutes, however, do not apply to those escrow depositories that are located out-of-state. Your Committee finds that this bill will help remedy this situation by

SB2921 HD1 HSCR CPC HMS 2010-2562

STAND. COM. REP. NO. **799** -10 Page 2

providing consistent regulation for all real property within the state regardless of the location of escrow depositories.

Upon further consideration, your Committee has amended this measure by:

- (1) Restoring language that prohibits the transaction of business under any name, title, or descriptive term containing the words "escrow", "escrow depository", or any word or phrase having the same or similar meaning by any person not licensed or exempt under state escrow depository regulations; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2921, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2921, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

SB2921 HD1 HSCR CPC HMS 2010-2562

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

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.: SB 2921, SD1	Committee Referral: CPC, JUD		Da	Date: 31010	
□ The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Image: Pass, unamended (as is) Image: Pass, with amendments (HD) Image: Hold Image: Pass short form bill with HD to recommit for future public hearing (recommit)					
CPC Members		Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)				网络温度新热病	
2. WAKAI, Glenn (VC)					V
3. BELATTI, Della Au		\checkmark			
4. CABANILLA, Rida					\checkmark
5. CARROLL, Mele				同時時間に見てい	V
6. ITO, Ken		V	-		
7. KARAMATSU, Jon Riki	電影理能的	~			
8. LUKE, Sylvia		V			
9. McKELVEY, Angus L.K.		~			
10. MIZUNO, John M.					~
11. MORITA, Hermina M.	Select Barris	V			
12. SOUKI, Joseph M.		V			
13. TSUJI, Clift		V	deligit Busiles St		
14. MARUMOTO, Barbara C.		~/			
15. THIELEN, Cynthia		V			
TOTAL (15)		11	Ø	Þ	4
The recommendation is: Adopted If joint referral, did not support recommendation.					
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					