STAND. COM. REP. NO.

Honolulu, Hawaii 2013

RE: S.B. No. 1070 S.D. 2 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 1070, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to create greater consumer protections, update fees, and clarify provisions in the mortgage service industry by:

- (1) Authorizing the Commissioner of Financial Institutions (Commissioner) to investigate mortgage servicer violations and examine the books, accounts, records, files, and other information of mortgage servicer licensees or those performing the function of mortgage servicers under Hawaii laws governing mortgage servicers;
- (2) Adjusting fees charged for mortgage servicer applications and renewals; and
- (3) Amending references to the "Nationwide Mortgage Licensing System" to read "NMLS" and creating a new definition for "NMLS" for the purposes of clarity and style.



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The Department of Commerce and Consumer Affairs testified in support of this measure.

Your Committee notes that many mortgage servicer licensees operating in the State have agreed to the fees set forth in this measure. Your Committee further notes that the increased fees are directed at out-of-state mortgage servicers, operating mostly online, who may be less subject to the rules and regulations of the State's mortgage servicer industry.

Your Committee has amended this measure by:

- Clarifying that the commissioner may access, receive, and use any relevant evidence, rather than any evidence deemed relevant by the commissioner, in the commissioner's investigation or examination of a mortgage servicer;
- (2) Changing the deadline for renewal application fees, from at least four weeks prior to July 1 to on or before July 1, for licensure as a mortgage servicer for the following year;
- (3) Requiring that the renewal for licensure as a mortgage servicer be subject to the approval of the Nationwide Mortgage Licensing System or the commissioner;
- (4) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (5) 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. 1070, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1070, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

SB1070 HD1 HSCR CPC HMS 2013-2918

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

ANGUS L.K. MCKELVEY, Chair



HGCR 1167

Record of Votes of the Committee on Consumer Protection & Commerce

| | Committee Referral: | | Date: 02 20 2012 | |
|---|---------------------|-----------|------------------|---------|
| □ 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. McKELVEY, Angus L.K. (C) | | | | |
| 2. KAWAKAMI, Derek S.K. (VC) | | | | |
| 3. BELATTI, Della Au | V | | | |
| 4. BROWER, Tom | ~ | | | |
| 5. CABANILLA, Rida T.R. | | | | |
| 6. CACHOLA, Romy M. | | | | |
| 7. CARROLL, Mele | | | | |
| 8. EVANS, Cindy | ~ | | | |
| 9. HAR, Sharon E. | | | | |
| 10. ITO, Ken | ~ | | | |
| 11. LEE, Chris | V | | • • • • • • | |
| 12. TSUJI, Clift | V | | | |
| 13. YAMANE, Ryan I. | | | | |
| 14. MCDERMOTT, Bob | | | | |
| 15. THIELEN, Cynthia | | | | |
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| TOTAL (15) | 10 | l | | 4 |
| The recommendation is: Adopted D Not 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 | | | | |