STAND. COM. REP. NO.

Honolulu, Hawaii Ebnam 20, 2015 H.B. No. 1017 RE: H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2015 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1017 entitled:

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

begs leave to report as follows:

The purpose of this measure is to facilitate seller financing for residential property by restoring mortgage licensing exemptions for individuals who meet certain qualifications.

Specifically, the measure exempts individuals from being subject to the mortgage licensing requirements of Chapter 454F, Hawaii Revised Statutes, if the individual offers or negotiates a residential mortgage loan:

- (1) With or on behalf of an immediate family member; or
- (2) For the individual's own residence, including a vacation home, or for an inherited dwelling, if the individual does not provide seller financing or related services more than three times in a calendar year.

Your Committee received testimony in support of this measure from the Hawaii Association of REALTORS. The Department of Commerce and Consumer Affairs submitted comments.



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Your Committee finds that Act 198, Session Laws of Hawaii 2014, repealed the licensing and regulatory exemptions for individuals who offer or negotiate a residential mortgage loan with or on behalf of an immediate family member or for the individual's own residence. In restoring these exemptions, this measure expands the pool of potential buyers of residential real property by providing a financing alternative to traditional mortgage loans.

Your Committee notes that it has received testimony raising concerns that the exemptions restored by this measure would weaken consumer protections, based upon past examples of seller financing arrangements. However, your Committee observes that several other states have adopted similar exemptions without any erosion of consumer protections.

Your Committee has amended this measure by changing the effective date to January 1, 2112, to encourage further discussion on the measure.

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 H.B. No. 1017, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1017, H.D. 1, and be referred to the Committee on Finance.

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

ANGUS L.K. MCKELVEY, Chair



## State of Hawaii House of Representatives The Twenty-eighth Legislature



## **Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.: HB 1017	Committee Referral: CPC, FIN		Date: 02/18/15	
□ 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)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)				
2. WOODSON, Justin H. (VC)				
3. BELATTI, Della Au				
4. BROWER, Tom	/			
5. CREAGAN, Richard P.				
6. HAR, Sharon E.	$\checkmark$			
7. HASHEM, Mark J.				
8. KAWAKAMI, Derek S.K.				
9. LEE, Chris				
10. NAKASHIMA, Mark M.	/			
11. OSHIRO, Marcus R.	<u> </u>			
12. SAN BUENAVENTURA, Joy A.	/			
13. TAKAYAMA, Gregg				
14. YAMANE, Ryan I.				
15. FUKUMOTO CHANG, Beth	1			
16. MCDERMOTT, Bob				
en				
TOTAL (16)	15			<b>I</b> .
The recommendation is:  Image: Adopted life  Image: Not Adopted life    If joint referral,   did not support recommendation.    committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				