

Honolulu, Hawaii Mayas 24, 2016 RE: S.B. No. 2850 S.D. 2 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2850, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE INDUSTRY REGULATION,"

begs leave to report as follows:

The purpose of this measure is to clarify the applicable regulatory scope of the Secure and Fair Enforcement for Mortgage Licensing Act, chapter 454F, Hawaii Revised Statutes, and the mortgage servicers law under chapter 454M, Hawaii Revised Statutes, which regulate the related industries of mortgage loan origination and mortgage servicing, respectively.

Specifically, this measure:

- Amends statutory definitions and updates provisions related to controlling federal laws to make the use of terminology and application of federal requirements consistent across both chapters; and
- (2) Segregates statutory provisions related to each class of licensee into the appropriate chapter to avoid confusion and redundancy in licensing and enforcement requirements for mortgage servicers and mortgage loan originators respectively.



STAND. COM. REP. NO. 1258 -16 Page 2

The Department of Commerce and Consumer Affairs; Hawaii Habitat for Humanity Association, Habitat for Humanity Maui, Habitat for Humanity Kauai, Habitat for Humanity West Hawaii, and Habitat for Humanity Leeward Oahu, Inc.; ARDA Hawaii; and HHOC Mortgage testified in support of this measure.

Your Committee has amended this measure by:

- Inserting language that applies the same confidentiality requirements to mortgage loan originators as are already operative for mortgage servicers;
- (2) Specifying that a mortgage servicer licensee shall maintain adequate records of each of its residential mortgage loan transactions for seven years;
- (3) Exempting a person or entity solely involved in extensions of credit relating to timeshare plans from mortgage servicer requirements in the same manner as they are already exempt from mortgage loan originator requirements;
- (4) Changing the 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. 2850, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2850, S.D. 2, H.D. 1, and be referred to your Committee on Finance.



STAND. COM. REP. NO. **1258**-16 Page 3

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.: SB 2850 SD2 CV	Committee Referral: CPC, FIN		Date: 3-21-16	
□ 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.				
7. HASHEM, Mark J.	/			
8. KAWAKAMI, Derek S.K.				1
9. LEE, Chris	/			
10. NAKASHIMA, Mark M.	/			
11. OSHIRO, Marcus R.	1			
12. SAN BUENAVENTURA, Joy A.	/			
13. TAKAYAMA, Gregg			•	
14. YAMANE, Ryan I.				/
15. FUKUMOTO CHANG, Beth	/			
16. McDERMOTT, Bob	/			
· · · · · · · · · · · · · · · · · · ·				
TOTAL (16)	13	O	0	3_
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				