

STAND. COM. REP. NO. 2768

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2850
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2850, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to clarify and enhance the Mortgage Loan Originators Law under chapter 454F, Hawaii Revised Statutes, and the Mortgage Servicers Law under chapter 454M, Hawaii Revised Statutes, which regulate related industries.

Specifically, this measure:

- (1) Adds statutory definitions, updates references to federal regulations, and makes other amendments to increase the clarity of and consistency between the Mortgage Loan Originators Law and the Mortgage Servicers Law; and
- (2) Repeals mortgage servicer provisions in the Mortgage Loan Originators Law, including the mortgage loan servicer loan modification license, in favor of related provisions in the Mortgage Servicers Law, as amended by this measure.

Your Committee received written comments in support of this measure from the Department of Commerce and Consumer Affairs, Division of Financial Institutions.

SB2850 SD2 SSCR LRB 16-1185.doc



Your Committee finds that due to a degree of overlap between the mortgage loan origination industry governed by chapter 454F, Hawaii Revised Statutes, and the mortgage servicer industry governed by chapter 454M, Hawaii Revised Statutes, some companies conduct business under the requirements of both statutory chapters. Currently, a mortgage servicer wishing to offer loan modifications must be licensed as a mortgage servicer under chapter 454M, Hawaii Revised Statutes, and additionally hold a mortgage loan servicer loan modification license under chapter 454F, Hawaii Revised Statutes. This regulatory arrangement has created confusion among mortgage servicers.

To address this issue, the measure repeals the mortgage servicer provisions in the Mortgage Loan Originators Law, including those related to licensing, the need for which has been eliminated by recent amendments to the Mortgage Servicers Law. In addition, this measure makes various housekeeping amendments to clarify provisions and ensure consistency between the Mortgage Loan Originators Law, the Mortgage Servicers Law, and applicable federal regulations. Your Committee believes that the clarity provided by this measure will promote compliance among mortgage industry licensees.

Your Committee has amended this measure by making technical nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2850, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2850, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2850, SD1	Committee Referral: CPH, WAM	Date: 2/19/16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			
DELA CRUZ, Donovan M. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.				✓
RIVIERE, Gil				✓
TANIGUCHI, Brian T.				✓
WAKAI, Glenn				✓
SLOM, Sam	✓			
TOTAL	6			5
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes