
A BILL FOR AN ACT

RELATING TO FINANCIAL INSTITUTIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 412:1-109, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "Residential mortgage loan" has the same meaning as in
5 section 454F-1."

6 SECTION 2. Section 412:5-301, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§412:5-301 General requirements for loans.** A bank shall
9 make loans and extensions of credit that are consistent with
10 prudent banking practices and in compliance with all applicable
11 federal and state law[-]; provided that a residential mortgage
12 loan may be sold only to:

13 (1) A financial institution that has an authorized place
14 of business in this State pursuant to part V of
15 article 3; or

16 (2) A financial institution that designates and maintains
17 an agent in this State who is authorized to accept



1 service of process on behalf of the financial
2 institution."

3 SECTION 3. Section 412:6-301, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§412:6-301 General requirements for loans.** A savings
6 bank shall make loans and extensions of credit that are
7 consistent with prudent lending practices and in compliance with
8 all applicable federal and state law~~[-]~~; provided that a
9 residential mortgage loan may be sold only to:

10 (1) A financial institution that has an authorized place
11 of business in this State pursuant to part V of
12 article 3; or

13 (2) A financial institution that designates and maintains
14 an agent in this State who is authorized to accept
15 service of process on behalf of the financial
16 institution."

17 SECTION 4. Section 412:7-301, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§412:7-301 General requirements for loans.** A savings and
20 loan association shall make loans and extensions of credit that
21 are consistent with prudent lending practices and in compliance



1 with all applicable federal and state law[-]; provided that a
2 residential mortgage loan may be sold only to:

3 (1) A financial institution that has an authorized place
4 of business in this State pursuant to part V of
5 article 3; or

6 (2) A financial institution that designates and maintains
7 an agent in this State who is authorized to accept
8 service of process on behalf of the financial
9 institution."

10 SECTION 5. Section 412:9-300, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§412:9-300 General requirements for loans and extensions**
13 **of credit.** A financial services loan company shall make loans
14 and extensions of credit that are consistent with prudent
15 lending practices, and in compliance with all applicable federal
16 and state laws[-]; provided that a residential mortgage loan may
17 be sold only to:

18 (1) A financial institution that has an authorized place
19 of business in this State pursuant to part V of
20 article 3; or



1 (2) A financial institution that designates and maintains
2 an agent in this State who is authorized to accept
3 service of process on behalf of the financial
4 institution."

5 SECTION 6. Section 412:10-401, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "§412:10-401 General requirements for loans. A credit
8 union shall make loans and extensions of credit that are
9 consistent with prudent lending practices and in compliance with
10 all applicable federal and state law[-]; provided that a
11 residential mortgage loan may be sold only to:

12 (1) A financial institution that has an authorized place
13 of business in this State pursuant to part V of
14 article 3; or

15 (2) A financial institution that designates and maintains
16 an agent in this State who is authorized to accept
17 service of process on behalf of the financial
18 institution."

19 SECTION 7. This Act does not affect rights and duties that
20 matured, penalties that were incurred, and proceedings that were
21 begun before its effective date.



1 SECTION 8. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 9. This Act shall take effect on January 1, 2050.



Report Title:

Financial Institutions; Residential Mortgage Loans; Sale

Description:

Places restrictions on the ability of financial institutions to sell residential mortgage loans to other financial institutions. Defines "residential mortgage loans" as any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling, and includes refinancings, reverse mortgages, home equity lines of credit, and other first and additional lien loans that meet the qualifications of the definition. (HB1619 HD1)

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