STAND. COM. REP. NO. 703

Honolulu, Hawaii

February 7, 2017

RE: H.B. No. 1241 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1241 entitled:

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

begs leave to report as follows:

The purpose of this measure is to correct inconsistencies between Hawaii's mortgage originator and mortgage servicer laws by explicitly exempting nonprofit organizations and their employees already exempted from licensure and regulation as mortgage loan originators from regulation as mortgage loan servicers.

Hawaii Habitat for Humanity Association, Habitat for Humanity West Hawaii, Honolulu Habitat for Humanity, and a concerned individual testified in support of this measure. The Division of Financial Institutions of the Department of Commerce and Consumer Affairs testified in opposition to this measure.

Your Committee believes that the proposed blanket exemption for nonprofits from regulation as mortgage loan servicers may not be the best solution to address the concerns of these entities. To address the concerns raised by Habitat for Humanity, your Committee finds that a more prudent approach would be to reduce the licensing and renewal fees for these organizations to be licensed as mortgage servicers.

Your Committee has amended this measure by:

- (1) Deleting language explicitly exempting nonprofit organizations and their employees already exempted from licensure and regulation as mortgage loan originators from regulation as mortgage loan servicers;
- (2) Reducing mortgage servicer licensing and renewal fees for nonprofit organizations to an unspecified amount;
- (3) Requiring the Commissioner of Financial Institutions to conduct an analysis of Hawaii's mortgage servicing law, specifically with regard to its application to and impact on nonprofit organizations and report back to the Legislature;
- (4) Changing its effective date to July 1, 2112, to facilitate further discussion and inserting a sunset date of June 30, 2019; 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 H.B. No. 1241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1241, H.D. 1, and be referred to your Committee on Judiciary.

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

ANGUS L.K. McKELVEY, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

The committee is reconsidering its previous decision on the measure. The recommendation is to: 0 Pass, unamended (as is) V Pass, with amendments (HD) 0 Pass short form bill with HD to recommit for future public hearing (recommit) CPC Members Ayes Ayes Ayes (WR) Nays Excused 1. McKELVEY, Angus L.K. (C) 2. ICHIYAMA, Linda (VC) 3. AQUINO, Henry J.C. 4. ITO, Ken 5. SAY, Calvin K.Y. 6. TAKAYAMA, Gregg 7. TODD, Chris 8. YAMANE, Ryan I. 9. FUKUMOTO, Beth	Bill/Resolution No.: HB 1241	Committee	Referral:	Date:	2/10/1	7	
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The recommendation is: θ Adopted If joint referral, did not support recommendation. O committee a gronym(s)							
Vice Chair's or designee's signature:							
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO							