

STAND. COM. REP. NO.

150

Honolulu, Hawaii

FEB 08 2019

RE: S.B. No. 1214  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 1214 entitled:

"A BILL FOR AN ACT RELATING TO TRANSITIONAL AUTHORITY IN THE  
MORTGAGE INDUSTRY,"

begs leave to report as follows:

The purpose and intent of this measure is to implement  
Section 106 of the U.S. Economic Growth, Regulatory Relief, and  
Consumer Protection Act (Section 106), which provides a one  
hundred twenty-day temporary transitional authority to originate  
loans in this State for loan originators moving from a depository  
institution to a non-depository institution and state-licensed  
loan originators moving interstate.

Your Committee received testimony in support of this measure  
from the Department of Commerce and Consumer Affairs.

Your Committee finds that when loan originators change jobs  
within the profession, they encounter employment barriers due to  
state licensing requirements. Nationally, approximately seventy-  
five percent of the mortgage loan originators who apply for a  
license would qualify for transitional authority because they are  
either employed by a depository institution or are licensed in  
another state. This measure integrates Section 106 into existing  
law relating to mortgage loan originators by temporarily  
authorizing qualified mortgage loan originators to originate



mortgage loans in the State for one hundred twenty days. During this time, a mortgage loan originator will have the opportunity to complete state requirements for licensure, including pre-education or continuing education, financial responsibility review, and criminal background review, which will ease the employment process for employers without the impact of delays associated with the state licensing process. A mortgage loan originator company also remains responsible for any origination errors caused by a mortgage loan originator with transitional authority, which ensures consumer protection during this transitional period.

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 Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1214, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1214, S.D. 1, and be referred to your Committee on Judiciary.

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



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ROSALYN H. BAKER, Chair



