STAND. COM. REP. NO.

Honolulu, Hawaii

## FEB 1 2 2019

## RE: S.B. No. 1215

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. 1215 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Commissioner of Financial Institutions to:

- (1)Modify requirements and make new requirements to implement changes and improvements to the Nationwide Multistate Licensing System and Registry (NMLS);
- (2) Issue cease and desist orders against licensees and unlicensed persons; and
- (3) Enter into consent orders.

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

Your Committee finds that NMLS is a web-based nationwide licensing system that streamlines workflows and communications for applicants, licensees, and the Division of Financial Institutions. Currently, the Division of Financial Institutions cannot accept electronic bonds uploaded by an insurance carrier through NMLS due to the requirements in existing law that bond riders or endorsements must be provided directly to the Commissioner of



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Financial Institutions (Commissioner), or surety bonds filed with the Commissioner. This measure gives the Commissioner authority to expand its uses of NMLS in accordance with the current practice of other states and better manage the licensure of mortgage servicers.

Your Committee further finds that, currently, the Commissioner may only issue proposed cease and desist orders, which have no immediate effect in the event that a licensee's violation is likely to cause immediate and irreparable harm to a consumer. Moreover, because the Commissioner also has no authority to enter into consent orders, administrative proceedings can last a number of years, wasting time and resources. This measure authorizes the Commissioner to enter into consent orders and issue cease and desist orders for violations for licensees and unlicensed persons, which will enable the Commissioner to quickly minimize consumer harm, expedite decisions, and save resources.

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. 1215 and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

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

Rosaly H.



## The Senate Thirtieth Legislature State of Hawaiʻi

## Record of Votes Committee on Commerce, Consumer Protection, and Health CPH

Bill / Resolution No.:*	Committee Referral:		D	Date:	
SB 1215	CPH, JDC			2/5/19	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)		V			
CHANG, Stanley (VC)	a Brinking on the	V			
KEOHOKALOLE, Jarrett		V			
NISHIHARA, Clarence K.					
RUDERMAN, Russell E.	1	V			
THIELEN, Laura H.		V			
FEVELLA, Kurt					
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TOTAL		6			l
Recommendation:					
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