

STAND. COM. REP. NO.

2947

Honolulu, Hawaii

FEB 27 2020

RE: S.B. No. 2879
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2879 entitled:

"A BILL FOR AN ACT RELATING TO THE MORTGAGE LOAN RECOVERY
FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to expand the pool
of persons eligible to receive restitution from the Mortgage Loan
Recovery Fund.

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

Your Committee finds that existing law requires aggrieved
persons to obtain a judgment against a licensee and then obtain an
order from the court for payment from the Mortgage Loan Recovery
Fund. This measure simplifies this process and gives the
Commissioner of Financial Institutions authorization to provide
payments based upon the entry of judgment, without a separate
post-judgment order.

Your Committee further finds that existing law allows the
Commissioner of Financial Institutions to order a licensee to make
restitution payments directly to consumers when the Division of
Financial Institutions finds a regulatory calculation error during
an examination or investigation of the licensee. In these

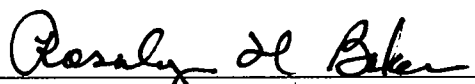


instances, because the check comes directly from the licensee, consumers often do not cash these checks because the consumer has not heard from the licensee in a number of years and the check is therefore unexpected, or the consumer believes the check is fraudulent or part of a scam. This measure authorizes the Division of Financial Institutions to pay restitution of up to \$25,000 to the affected consumer from the fund, rather than require the consumer to receive payment from the licensee, as consumers are more likely to deposit restitution checks that originate from the State with an explanation letter.

Your Committee has amended this measure by making technical, nonsubstantive amendments for 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. 2879, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2879, S.D. 1, and be placed on the calendar for Third Reading.


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


ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2879	CPH	2/20/20
<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)
BAKER, Rosalyn H. (C)	✓	
CHANG, Stanley (VC)	✓	
NISHIHARA, Clarence K.		
RUDERMAN, Russell E.		
THIELEN, Laura H.		
WAKAI, Glenn	✓	
FEVELLA, Kurt	✓	
TOTAL	4	3
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