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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce and Consumer Protection  
Friday February 2, 2024  
9:30 a.m.  
Via Videoconference**

**On the following measure:  
S.B. 2121, RELATING TO RELATING TO THE MORTGAGE LOAN RECOVERY  
FUND.**

Chair Keohokalole and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of the Department of Commerce and Consumer Affairs' Division of Financial Institutions (DFI). The Department supports this bill.

The purpose of this bill is to clarify the eligibility to recover from the Mortgage Loan Recovery Fund to include consumers aggrieved by the conduct of a mortgage loan originator licensee. Allows for the annual use of \$50,000 of the fund for training the Division of Financial Institutions and its attorneys relating to the residential mortgage industry, providing training to licensees, developing educational materials for licensees in the area relating to licensure under this chapter, and educating the public in the area relating to residential mortgage loans. Increases the restitution available to consumers from the Mortgage Loan Recovery Fund to the amount of \$150,000, bringing consistency to sections 454F-41 and 454F-42, HRS.

Currently, section 454F-41, HRS, provides that consumers aggrieved by conduct of a mortgage loan originator company licensee may recover from the Mortgage Loan Recovery Fund. This bill will clarify that consumers aggrieved by conduct of any mortgage loan originator licensee (individual) may recover from the fund as well. DFI notes that it is possible that the employer does not have knowledge of an alleged fraud or misrepresentation conducted by the mortgage loan originator. Consequently, it is appropriate that the consumer would be allowed to recover for the actions of the mortgage loan originator.

The bill would also increase consumer protection by authorizing the use of the moneys in the fund for the education of the Division, licensees, and consumers. Finally, it would clarify the amount of restitution available to consumers by making 454F-41 and 454F-42, HRS, consistent. Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this bill.