

STAND. COM. REP. NO.

264

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 1218
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1218 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE LOAN ORIGINATORS,"

begs leave to report as follows:

The purpose of this measure is to bring Hawaii into compliance with federal law by implementing the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act).

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs, Hawaii Bankers Association, Hawaii Association of Mortgage Brokers, and Legal Aid Society of Hawaii. Testimony in opposition to this measure was received from the Department of Commerce and Consumer Affairs and Hawaii Financial Services Association. Testimony with comments on this measure was received from State Farm Insurance Companies. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure complies with the requirements of the federal SAFE Act. Your Committee further finds that the purpose of the SAFE Act is to "to increase uniformity, reduce regulatory burden, enhance consumer protection, and reduce fraud" by encouraging the states to regulate the mortgage industry. Your Committee notes that this measure is based on a model act prepared by the Conference of State Bank Supervisors and American Association of Residential Mortgage



Regulators that the Department of Housing and Urban Development has approved as compliant with the federal law.

Your Committee notes that, under the SAFE Act, failure of the State to implement conforming legislation would result in abdication of the State's right to regulate the mortgage industry and assignment of that right to the federal Department of Housing and Urban Development. Your Committee finds that this result would be unacceptable as it is critical that the State retain its right to respond to unique local circumstances in regulating the mortgage industry.

Your Committee has amended this measure by:

- (1) Adding provisions relating to mortgage call reports, unique identifiers for mortgage loan originators, and reports to the nationwide mortgage licensing system in order to fully comply with the SAFE Act;
- (2) Amending the prohibited practices section to conform to existing law regarding unfair and deceptive trade practices;
- (3) Making technical, nonsubstantive changes to ensure clarity and accuracy in the language of this measure.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1218, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1218, S.D. 1, and be referred to the Committee on Ways and Means.

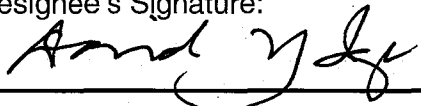
Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,


ROSALYN H. BAKER, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Commerce and Consumer Protection
CPN

| | | | | |
|--|--|---------------------------|----------|----------|
| Bill / Resolution No.:* SB 1218 | Committee Referral: CPN, WAM | Date: 2/17/2009 | | |
| <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) | Nay | Excused |
| BAKER, Rosalyn H. (C) | ✓ | | | |
| IGE, David Y. (VC) | ✓ | | | |
| ESPERO, Will | ✓ | | | |
| GREEN, M.D., Josh | ✓ | | | |
| IHARA, Jr., Les | ✓ | | | |
| SAKAMOTO, Norman | | | | ✓ |
| HEMMINGS, Fred | ✓ | | | |
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| TOTAL | 6 | 0 | 0 | 1 |
| 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