

Honolulu, Hawaii

FEB 02 2011

RE: S.B. No. 1519  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1519 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to effectuate its title by amending sections of the Hawaii Revised Statutes relating to mortgage loan originators.

Your Committee has amended this measure by deleting its contents and replacing them with provisions that amend the Secure and Fair Enforcement of Mortgage Licensing Act, chapter 454F, Hawaii Revised Statutes, to:

- (1) Allow any persons exempt from licensing requirements to voluntarily register with the Nationwide Mortgage Licensing System for the purpose of sponsoring a licensed mortgage loan originator;
- (2) Require all licensed mortgage loan originators to be sponsored by an entity registered with the Nationwide Mortgage Licensing System;
- (3) Specify the procedure allowing an applicant to request an administrative hearing pursuant to the requirements of chapter 91, Hawaii Revised Statutes, and the rules of the Department of Commerce and Consumer Affairs to contest the denial of an application for licensure;



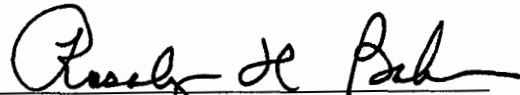
- (4) Establish the relevant factors in determining whether a consumer has received a tangible net benefit from a renegotiated residential mortgage loan for purposes of enforcement;
- (5) Clarify the procedure for the disposition by the Commissioner of Financial Institutions of abandoned or withdrawn applications for licensure;
- (6) Establish restrictions on allowable terms for residential mortgage loans issued by a licensee in this State;
- (7) Establish the duties of certain individuals who serve in a managerial capacity for regulated entities;
- (8) Establish restrictions on and requirements for fees that may be charged to a borrower by a licensee for securing a residential mortgage loan;
- (9) Define new terms, clarify the definitions of existing terms, and delete the definition of an obsolete term;
- (10) Authorize the Commissioner of Financial Institutions to access information submitted to the Nationwide Mortgage Licensing System by an applicant for licensure;
- (11) Clarify the process for automatic secondary review of applications for licensure that were initially determined to not meet the criteria for licensure;
- (12) Clarify requirements for entities that maintain headquarters outside of the State and perform regulated activities within the State;
- (13) Clarify confidentiality requirements for information contained in an application for licensure;
- (14) Specify certain prohibited practices for licensees;
- (15) Establish a registration fee for voluntarily registered entities that sponsor a licensed mortgage loan originator; and



(16) Make conforming amendments.

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. 1519, as amended herein, and recommends that it be recommitted to the Committee on Commerce and Consumer Protection, in the form attached hereto as S.B. No. 1519, S.D. 1, for further consideration.

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



ROSALYN H. BAKER, Chair



