
A BILL FOR AN ACT

RELATING TO THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE
LICENSING ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the mortgage loan
2 recovery fund was established in 2010 to bring the State into
3 compliance with the federal Secure and Fair Enforcement for
4 Mortgage Licensing Act of 2008. The fund was designed to
5 protect the State's consumers by making it easier to recover
6 losses caused by individuals or companies that violate the law
7 governing fair mortgage practices. Initially, the goal was to
8 collect and hold in reserve \$750,000. However, according to the
9 most recent report to the legislature, there is now more than
10 \$1,100,000 in the fund. The legislature further finds that the
11 department of the attorney general is currently reviewing a rule
12 drafted by the department of commerce and consumer affairs that
13 would enable the commissioner of financial institutions to
14 exercise the authority to adjust or cease collection of fees
15 generated by renewals when the fund reaches \$750,000. However,
16 the commissioner must make a finding that the collection of the
17 entire fee in the next licensing cycle is not reasonably needed



1 in order for the mortgage loan recovery fund to pay its
2 obligations as the obligations become due.

3 The purpose of this Act is to permit the commissioner of
4 financial institutions to make a finding to adjust the assessed
5 mortgage loan recovery fund fee once the mortgage loan recovery
6 fund reaches its target balance.

7 SECTION 2. Section 454F-41, Hawaii Revised Statutes, is
8 amended by amending subsection (d) to read as follows:

9 "(d) When the mortgage loan recovery fund attains a
10 funding level of \$750,000, the commissioner may [~~by rule~~
11 ~~adopted pursuant to chapter 91,~~] make a finding to adjust the
12 fees generated by renewals or may determine that payments made
13 by renewing licensees shall cease. If the funding level falls
14 below \$250,000 after the first five years of the establishment
15 of the fund, the commissioner may adjust the fees to a
16 reasonable level for the purpose of attaining a funding level of
17 \$750,000."

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect upon its approval.



Report Title:

Secure and Fair Enforcement for Mortgage Licensing; Mortgage Loan Originator Companies; Mortgage Loan Recovery Fund; Mortgage Loan Recovery Fund Fee; Commissioner of Financial Institutions

Description:

Permits the commissioner of financial institutions to make a finding to adjust the assessed mortgage loan recovery fund fee once the mortgage loan recovery fund reaches its target balance.
(SD1)

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