



GOV. MSG. NO. 1164

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

May 28, 2015

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Eighth State Legislature  
State Capitol, Room 210  
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Eighth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on May 28, 2015, the following bill was signed into law:

SB1262 SD1 HD1

RELATING TO THE SECURE AND FAIR  
ENFORCEMENT FOR MORTGAGE LICENSING  
ACT  
**ACT 064 (15)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

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SENATE  
OFFICE OF THE PRESIDENT

'15 MAY 29 A8:44

RECEIVED  
THE SENATE  
CLERK'S OFFICE  
STATE OF HAWAII

'15 MAY 29 A10:28

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# 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 Act 84, Session Laws  
2 of Hawaii 2010, established the mortgage loan recovery fund to  
3 bring the State into compliance with the federal Secure and Fair  
4 Enforcement for Mortgage Licensing Act of 2008. The mortgage  
5 loan recovery fund, consisting of fees collected from  
6 residential mortgage loan origination licensees, was designed to  
7 protect consumers by making it easier to recover losses caused  
8 by individuals or companies that violate the law governing fair  
9 mortgage practices. Initially, the goal was for the fund to  
10 collect and hold in reserve \$750,000. However, according to the  
11 most recent report to the legislature in 2014, there is more  
12 than \$1,100,000 in the fund. With this high fund balance, the  
13 commissioner of financial institutions has initiated proposed  
14 rules to adjust the mortgage loan recovery fund fees. However,  
15 due to the lengthy and uncertain time it may take for the rules  
16 to be adopted, licensees continue to have to pay the requisite



1 fees that build the fund balance over and beyond \$750,000, and  
2 the fund balance will probably be more than \$1,100,000 at the  
3 end of the year.

4 The purpose of this Act is to permit the commissioner to  
5 adjust collections of the mortgage loan recovery fund without  
6 having to go through the rulemaking process so that the fund  
7 balance can remain in line with the legislative intent in  
8 establishing the fund.

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

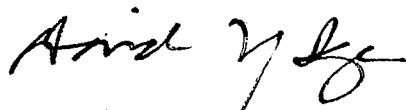
11 "(d) When the mortgage loan recovery fund attains a  
12 funding level of \$750,000, the commissioner may~~[, by rule~~  
13 ~~adopted pursuant to chapter 91,]~~ make a finding to adjust the  
14 fees generated by renewals or may determine that payments made  
15 by renewing licensees shall cease. If the funding level falls  
16 below \$250,000 after the first five years of the establishment  
17 of the fund, the commissioner may adjust the fees to a  
18 reasonable level for the purpose of attaining a funding level of  
19 \$750,000."



1 SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

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

APPROVED this 28 day of MAY, 2015



GOVERNOR OF THE STATE OF HAWAII