

Honolulu, Hawaii

March 24, 2015

RE: S.B. No. 1093
S.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred S.B. No. 1093, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE SERVICERS,"

beg leave to report as follows:

The purpose of this measure is to increase protections for
individuals making payments on a residential mortgage.

Specifically, this measure enhances consumer protections of
the mortgage servicers law by establishing or increasing mortgage
servicer requirements regarding:

- (1) Loss mitigation options, including loan modifications,
to avoid consumer foreclosure;
- (2) Contact information;
- (3) Licensing;
- (4) Surety bonds;
- (5) Duty of good faith and fair dealing;
- (6) Handling and processing of mortgage payments;
- (7) Escrows for the payment of taxes and insurance;



- (8) Statements of accounts;
- (9) Payment reminders and statements sent to consumers;
- (10) Handling of consumer complaints and inquiries;
- (11) Fees;
- (12) Record keeping;
- (13) Disclosures to the borrower upon assignment of servicing rights; and
- (14) Prohibited activities.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committees find that the majority of consumer complaints in Hawaii involving mortgages relate to mortgage servicing issues. For the twenty-five month period ending January 31, 2015, nearly all of the five hundred sixteen mortgage complaints lodged with the Consumer Financial Protection Bureau complaint database by Hawaii consumers concerned loan servicing issues. Your Committees believe that this measure provides specific enhanced standards for mortgage servicer businesses that will not only increase consumer protection, but will also require non-bank mortgage servicers to meet the same servicing standards required of the more heavily regulated bank mortgage servicers.

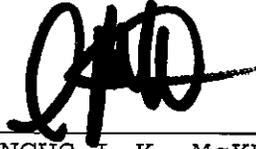
As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1093, S.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



KARL RHOADS, Chair



ANGUS L.K. MCKELVEY, Chair



