

STAND. COM. REP. NO. 2020

Honolulu, Hawaii

FEB 05 2016

RE: S.B. No. 2850
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2850 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE INDUSTRY REGULATION,"

begs leave to report as follows:

The purpose and intent of this measure is to make various amendments to the mortgage loan originators law, chapter 454F, Hawaii Revised Statutes, and the mortgage servicers law, chapter 454M, Hawaii Revised Statutes, including:

- (1) Increasing the clarity and consistency of the two chapters, which regulate related industries;
- (2) Moving mortgage servicer provisions that currently appear in chapter 454F, Hawaii Revised Statutes, to chapter 454M, Hawaii Revised Statutes; and
- (3) Deleting the mortgage loan servicer loan modification license under chapter 454F, Hawaii Revised Statutes.

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

Your Committee finds that there is a certain amount of overlap between the mortgage loan origination industry governed by chapter 454F, Hawaii Revised Statutes, and the mortgage servicer industry governed by chapter 454M, Hawaii Revised Statutes. This measure makes various amendments to these chapters for clarity and

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consistency and migrates mortgage servicer provisions under chapter 454F, Hawaii Revised Statutes, into the mortgage servicer law, which will help eliminate confusion for mortgage servicers. This measure also deletes a special mortgage loan servicer loan modification license under chapter 454F, Hawaii Revised Statutes, as the need for this license has been eliminated by amendments to the mortgage servicer law. Your Committee further finds that the amendments proposed by this measure will ensure clearer requirements within the mortgage loan origination and mortgage servicer industries, which will support licensee compliance.

Your Committee has amended this measure by:

- (1) Clarifying that if an aggregate administrative fine imposed for a violation of the mortgage servicers law exceeds \$7,000, \$1,000 of the fine shall be deposited into the mortgage foreclosure dispute resolution fund; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2850, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2850, S.D. 1, and be referred to your Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* SB 2850	Committee Referral: CPH, WAM	Date: 2-1-16		
<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)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.				/
SLOM, Sam	/			
TOTAL	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes