

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 951  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 951, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to update the State's mortgage loan origination law.

Specifically, the measure:

- (1) Clarifies which persons are presumed to control a mortgage loan originator company;
- (2) Clarifies procedures for change of control of a licensee;
- (3) Clarifies which persons must disclose their relevant criminal history and criminal history background checks upon application for licensure and change of control of the licensee;
- (4) Clarifies criminal background check fee requirements;
- (5) Clarifies the conditions under which an employee performing mortgage loan origination activities for a



nonprofit is exempt from registration and licensure as a mortgage loan originator;

- (6) Adds protections for consumers in their mortgage loan origination transactions;
- (7) Requires exempt sponsoring mortgage loan origination companies to have a principal place of business in the State and fulfill other requirements imposed upon other mortgage loan origination companies; and
- (8) Requires a nonprofit organization to directly manage and supervise any of the organization's mortgage loan origination activities.

The Department of Commerce and Consumer Affairs submitted written comments in support of this measure.

Your Committee finds that mortgage loan originator companies and other similar entities originate billions of dollars of residential mortgage loans annually. Your Committee believes that this measure will ensure that the State is equipped to properly supervise the mortgage loan origination industry, as required by federal law. The measure will also make the State's mortgage loan origination law clearer and more effective, improve compliance within the industry, facilitate the Division of Financial Institutions' regulatory actions, and enhance consumer protection.

Your Committee has amended this measure by:

- (1) Clarifying that the fee an applicant pays for a criminal history background check is the fee charged by the entities conducting the background check;
- (2) Clarifying cross references to the statutory paragraph that requires the payment of the criminal background check fee; and
- (3) Making a technical nonsubstantive amendment for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your



Committee is in accord with the intent and purpose of S.B. No. 951, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 951, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



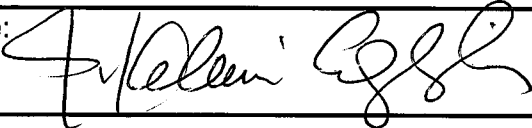
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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

|   |   |                                       |                     |         |
|---|---|---------------------------------------|---------------------|---------|
| Bill / Resolution No.:*   | Committee Referral:   | Date:                                 |                     |         |
| SB 951, SD1   | CPH, WAM  | 23 Feb 2017                           |                     |         |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____ |   |                                       |                     |         |
| The Recommendation is:  |   |                                       |                     |         |
| <input type="checkbox"/> Pass, unamended<br>2312  | <input checked="" type="checkbox"/> Pass, with amendments<br>2311 | <input type="checkbox"/> Hold<br>2310 |                     |         |
| <input type="checkbox"/> Recommit<br>2313   |   |                                       |                     |         |
| Members   | Aye   | Aye (WR)                              | Nay                 | Excused |
| TOKUDA, Jill N. (C)   | /   |                                       |                     |         |
| DELA CRUZ, Donovan M. (VC)  |   |                                       |                     | /       |
| ENGLISH, J. Kalani  | /   |                                       |                     |         |
| GALUTERIA, Brickwood  | /   |                                       |                     |         |
| HARIMOTO, Breene  | /   |                                       |                     |         |
| INOUE, Lorraine R.  |   |                                       |                     | /       |
| KAHELE, Kaiali'i  |   |                                       |                     | /       |
| RIVIERE, Gil  | /   |                                       |                     |         |
| SHIMABUKURO, Maile S.L.   |   |                                       |                     | /       |
| TANIGUCHI, Brian T.   | /   |                                       |                     |         |
| WAKAI, Glenn  | /   |                                       |                     |         |
|   |   |                                       |                     |         |
|   |   |                                       |                     |         |
|   |   |                                       |                     |         |
|   |   |                                       |                     |         |
|   |   |                                       |                     |         |
| <b>TOTAL</b>  | 7   |                                       |                     | 4       |
| Recommendation:   |   |                                       |                     |         |
| <input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>                         |   |                                       |                     |         |
| Chair's or Designee's Signature:                              |   |                                       |                     |         |
| <b>Distribution:</b>  |   |                                       |                     |         |
| Original  | Yellow  | Pink                                  | Goldenrod           |         |
| File with Committee Report  | Clerk's Office  | Drafting Agency                       | Committee File Copy |         |

\*Only one measure per Record of Votes