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## A BILL FOR AN ACT

RELATING TO FINANCIAL INSTITUTIONS.

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

1           SECTION 1. Section 412:1-109, Hawaii Revised Statutes, is  
2 amended by adding a new definition to be appropriately inserted  
3 and to read as follows:

4           "Residential mortgage loan" has the same meaning as  
5 defined in section 454F-1."

6           SECTION 2. Section 412:5-301, Hawaii Revised Statutes, is  
7 amended to read as follows:

8           "§412:5-301 General requirements for loans. A bank shall  
9 make loans and extensions of credit that are consistent with  
10 prudent banking practices and in compliance with all applicable  
11 federal and state law[-]; provided that a residential mortgage  
12 loan may be sold only to:

13           (1) A financial institution that has an authorized place  
14 of business in this State pursuant to part V of  
15 article 3; or

16           (2) A financial institution that designates and maintains  
17 an agent in this State who is authorized to accept



1           service of process on behalf of the financial  
2           institution."

3           SECTION 3. Section 412:6-301, Hawaii Revised Statutes, is  
4 amended to read as follows:

5           "**§412:6-301 General requirements for loans.** A savings  
6 bank shall make loans and extensions of credit that are  
7 consistent with prudent lending practices and in compliance with  
8 all applicable federal and state law[-]; provided that a  
9 residential mortgage loan may be sold only to:

10           (1) A financial institution that has an authorized place  
11 of business in this State pursuant to part V of  
12 article 3; or

13           (2) A financial institution that designates and maintains  
14 an agent in this State who is authorized to accept  
15 service of process on behalf of the financial  
16 institution."

17           SECTION 4. Section 412:7-301, Hawaii Revised Statutes, is  
18 amended to read as follows:

19           "**§412:7-301 General requirements for loans.** A savings and  
20 loan association shall make loans and extensions of credit that  
21 are consistent with prudent lending practices and in compliance



1 with all applicable federal and state law[-]; provided that a  
2 residential mortgage loan may be sold only to:

3 (1) A financial institution that has an authorized place  
4 of business in this State pursuant to part V of  
5 article 3; or

6 (2) A financial institution that designates and maintains  
7 an agent in this State who is authorized to accept  
8 service of process on behalf of the financial  
9 institution."

10 SECTION 5. Section 412:9-300, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 "§412:9-300 General requirements for loans and extensions  
13 of credit. A financial services loan company shall make loans  
14 and extensions of credit that are consistent with prudent  
15 lending practices, and in compliance with all applicable federal  
16 and state laws[-]; provided that a residential mortgage loan may  
17 be sold only to:

18 (1) A financial institution that has an authorized place  
19 of business in this State pursuant to part V of  
20 article 3; or



1        (2) A financial institution that designates and maintains  
 2            an agent in this State who is authorized to accept  
 3            service of process on behalf of the financial  
 4            institution."

5            SECTION 6. Section 412:10-401, Hawaii Revised Statutes, is  
 6 amended to read as follows:

7            "§412:10-401 General requirements for loans. A credit  
 8 union shall make loans and extensions of credit that are  
 9 consistent with prudent lending practices and in compliance with  
 10 all applicable federal and state law[-]; provided that a  
 11 residential mortgage loan may be sold only to:

12        (1) A financial institution that has an authorized place  
 13            of business in this State pursuant to part V of  
 14            article 3; or

15        (2) A financial institution that designates and maintains  
 16            an agent in this State who is authorized to accept  
 17            service of process on behalf of the financial  
 18            institution."

19            SECTION 7. This Act does not affect rights and duties that  
 20 matured, penalties that were incurred, and proceedings that were  
 21 begun before its effective date.



1 SECTION 8. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 9. This Act shall take effect upon its approval.

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INTRODUCED BY:                     B. Stahl                    

                    Linde Schiz                    

JAN 10 2018



# H.B. NO. 1619

**Report Title:**

Financial Institutions; Residential Mortgage Loans; Sale

**Description:**

Places restrictions on the ability of financial institutions to sell residential mortgage loans to other financial institutions. Defines "residential mortgage loans" as any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling, and includes refinancings, reverse mortgages, home equity lines of credit, and other first and additional lien loans that meet the qualifications of the definition.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

