

STAND. COM. REP. NO.

703

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 1241

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 1241 entitled:

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

begs leave to report as follows:

The purpose of this measure is to correct inconsistencies
between Hawaii's mortgage originator and mortgage servicer laws by
explicitly exempting nonprofit organizations and their employees
already exempted from licensure and regulation as mortgage loan
originators from regulation as mortgage loan servicers.

Hawaii Habitat for Humanity Association, Habitat for Humanity
West Hawaii, Honolulu Habitat for Humanity, and a concerned
individual testified in support of this measure. The Division of
Financial Institutions of the Department of Commerce and Consumer
Affairs testified in opposition to this measure.

Your Committee believes that the proposed blanket exemption
for nonprofits from regulation as mortgage loan servicers may not
be the best solution to address the concerns of these entities.
To address the concerns raised by Habitat for Humanity, your
Committee finds that a more prudent approach would be to reduce
the licensing and renewal fees for these organizations to be
licensed as mortgage servicers.

HB1241 HD1 HSCR CPC HMS 2017-2228-1



Your Committee has amended this measure by:

- (1) Deleting language explicitly exempting nonprofit organizations and their employees already exempted from licensure and regulation as mortgage loan originators from regulation as mortgage loan servicers;
- (2) Reducing mortgage servicer licensing and renewal fees for nonprofit organizations to an unspecified amount;
- (3) Requiring the Commissioner of Financial Institutions to conduct an analysis of Hawaii's mortgage servicing law, specifically with regard to its application to and impact on nonprofit organizations and report back to the Legislature;
- (4) Changing its effective date to July 1, 2012, to facilitate further discussion and inserting a sunset date of June 30, 2019; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1241, H.D. 1, and be referred to your Committee on Judiciary.

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



ANGUS L.K. MCKELVEY, Chair



