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TO THE
SENATE COMMITTEE ON
WAYS AND MEANS

THE TWENTY-EIGHTH STATE LEGISLATURE
REGULAR SESSION OF 2015

February 27, 2015
1:00 p.m.

TESTIMONY ON S.B. NO. 1093, S.D. 1
RELATING TO MORTGAGE SERVICERS

THE HONORABLE JILL N. TOKUDA, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Iris Ikeda, Commissioner of Financial Institutions ("Commissioner"), testifying on behalf of the Department of and Consumer Affairs ("Department") in strong support of this administration bill, Senate Bill No. 1093, S.D. 1.

S.B. 1093, S.D. 1 amends the Mortgage Servicers law, Chapter 454M of the Hawaii Revised Statutes. This bill strengthens the law to protect consumers, by adding important new requirements for mortgage servicers, such as bonding, making specific information available to borrowers about their mortgage, and setting loss mitigation standards to help homeowners in distress, and penalties for chapter violations. The

provisions in this bill are especially important because while mainland mortgage servicers service loans for Hawaii homeowners, none have a physical presence in this State. This can make it very difficult for homeowners to obtain appropriate attention from their mortgage servicer. We believe that the provisions of this bill will not have a substantial negative impact on mortgage servicer companies since many companies have already implemented the proposed provisions.

It is important to strengthen Hawaii's law now, given the nationwide surge in nonbank mortgage servicers, the types and gravity of complaints against the industry, and the serious potential for harm to consumers. By requiring nonbank mortgage servicers to meet the same servicing standards as regulated bank mortgage servicers, borrowers will have the same protections in place for their mortgages, whether they are serviced by a bank or a nonbank servicer.

DFI strongly supports this administration bill, Senate Bill No. 1093, S.D. 1, and respectfully requests that it be passed out of the committee without amendments.

Thank you for the opportunity to testify. I would be pleased to respond to any questions you may have.