
A BILL FOR AN ACT

RELATING TO THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE
LICENSING ACT.

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

1 SECTION 1. The legislature finds that Act 84, Session Laws
2 of Hawaii 2010, established the mortgage loan recovery fund to
3 bring the State into compliance with the federal Secure and Fair
4 Enforcement for Mortgage Licensing Act of 2008. The mortgage
5 loan recovery fund, consisting of fees collected from
6 residential mortgage loan origination licensees, was designed to
7 protect consumers by making it easier to recover losses caused
8 by individuals or companies that violate the law governing fair
9 mortgage practices. Initially, the goal was for the fund to
10 collect and hold in reserve \$750,000. However, according to the
11 most recent report to the legislature in 2014, there is more
12 than \$1,100,000 in the fund. With this high fund balance, the
13 commissioner of financial institutions has initiated proposed
14 rules to adjust the mortgage loan recovery fund fees. However,
15 due to the lengthy and uncertain time it may take for the rules
16 to be adopted, licensees continue to have to pay the requisite



1 fees that build the fund balance over and beyond \$750,000, and
2 the fund balance will probably be more than \$1,100,000 at the
3 end of the year.

4 The purpose of this Act is to permit the commissioner to
5 adjust collections of the mortgage loan recovery fund without
6 having to go through the rulemaking process so that the fund
7 balance can remain in line with the legislative intent in
8 establishing the fund.

9 SECTION 2. Section 454F-41, Hawaii Revised Statutes, is
10 amended by amending subsection (d) to read as follows:

11 "(d) When the mortgage loan recovery fund attains a
12 funding level of \$750,000, the commissioner may~~[, by rule~~
13 ~~adopted pursuant to chapter 91,]~~ make a finding to adjust the
14 fees generated by renewals or may determine that payments made
15 by renewing licensees shall cease. If the funding level falls
16 below \$250,000 after the first five years of the establishment
17 of the fund, the commissioner may adjust the fees to a
18 reasonable level for the purpose of attaining a funding level of
19 \$750,000."



1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect upon its approval.



Report Title:

Mortgage Loan Origination Licensees; Mortgage Loan Recovery Fund; Target Balance and Fee Collection

Description:

Permits the Commissioner of Financial Institutions to make adjustments to the collection of fees for the Mortgage Loan Recovery Fund without regard to Chapter 91, HRS, to better maintain the intended \$750,000 balance. (SB1262 HD1)

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