

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2849  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Judiciary and Labor, to which was referred S.B. No. 2849 entitled:

"A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES,"

beg leave to report as follows:

The purpose and intent of this measure is to clarify the State's escrow depositories law, by: adding definitions; authorizing the Commissioner of Financial Institutions to use NMLS for its escrow depositories program; adding criminal history record check and disclosure requirements to licensure and change in control applications; updating the escrow depository license renewal date for consistency with NMLS; clarifying sale or transfer of license or change in control requirements; and updating certain fees.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs and First American Title Company.

Your Committees find that criminal history record checks are not currently required for escrow depository principals, officers, and controlling parties. This measure improves the Commissioner of Financial Institutions' ability to determine the suitability of new applicants for escrow depository licenses by requiring litigation disclosure and criminal history record checks, which will enhance protection of consumer funds and transactions involving escrow depositories. This measure also requires the

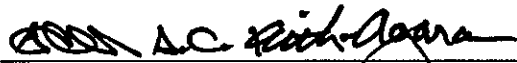


Commissioner to approve a license transfer through a change in control event, which will ensure that any entity entering into the business of an escrow depository meets the same criteria as a new applicant. Your Committees further find that this measure streamlines the escrow depository licensing process by authorizing the Commissioner to use NMLS, a nationwide online licensing and registration system for state-licensed providers of financial services, and makes other amendments to the escrow depositories law for clarity and to support licensee compliance.

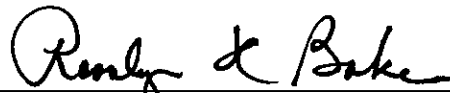
Your Committees have amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2849, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2849, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce,  
Consumer Protection, and Health  
and Judiciary and Labor,



GILBERT S.C. KEITH-AGARAN, Chair



ROSALYN H. BAKER, Chair





