
A BILL FOR AN ACT

RELATING TO MORTGAGE BROKERS AND SOLICITORS.

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

1 SECTION 1. Section 454-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§454-2 Exemptions.** This chapter does not apply to the
4 following:

- 5 (1) Banks, operating subsidiaries of a bank established
6 and operating under section 412:5-203, trust
7 companies, [~~building and loan associations,~~] savings
8 associations, pension trusts, credit unions, insurance
9 companies, financial services loan companies, or
10 federally licensed small business investment
11 companies, authorized under any law of this State or
12 of the United States to do business in the State;
- 13 (2) A person making or acquiring a mortgage loan with
14 one's own funds for one's own investment without
15 intent to resell the mortgage loan;
- 16 (3) A person licensed to practice law in the State, not
17 actively and principally engaged in the business of
18 negotiating loans secured by real property, when the



1 person renders services in the course of the person's
2 practice as an attorney;

3 (4) A person licensed as a real estate broker or
4 salesperson in the State, not actively engaged in the
5 business of negotiating loans secured by real
6 property, when the person renders services in the
7 course of the person's practice as a real estate
8 broker or salesperson;

9 (5) An institutional investor negotiating, entering into,
10 or performing under a loan purchase agreement for its
11 portfolio, for subsequent resale to other
12 institutional investors, or for placement of the
13 mortgages into pools or packaging them into mortgage-
14 backed securities. As used in this paragraph, "loan
15 purchase agreement" means an agreement or arrangement
16 under which a bank, savings and loan, credit union,
17 financial services loan company, or other financial
18 institution registered to do business in the State of
19 Hawaii agrees to sell mortgage loans or obtain funding
20 therefor, with or without the transfer of servicing
21 rights, to an institutional investor;

22 (6) Foreign lender as defined in section 207-11; and



1 (7) A person licensed under chapter 467 as a real estate
2 broker or salesperson selling time share interests on
3 behalf of a time share plan developer that is licensed
4 as a mortgage broker under this chapter; provided
5 that:

6 (A) The acts or conduct of a developer's authorized
7 representative shall be deemed to be the acts or
8 conduct of the developer for the purposes of
9 section 454-4; and

10 (B) If the person engages in acts or conduct
11 prohibited under section 454-4(a), the acts or
12 conduct shall constitute grounds for disciplinary
13 action under section 467-14."

14 SECTION 2. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

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



Report Title:

Mortgage Brokers and Solicitors

Description:

Exempts bank operating subsidiaries from mortgage broker and solicitor licensing requirements. (SD1)

