

STAND. COM. REP. NO.

2792

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 3010
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 3010, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RESIDENTIAL MORTGAGE PRACTICES,"

begs leave to report as follows:

The purpose of this measure is to provide more comprehensive and stronger regulation of the mortgage broker profession.

Your Committee received testimony in support of this measure from the Hawaii Bankers Association, Primerica Financial Services Home Mortgages, the Mortgage Bankers Association of Hawaii, State Farm Insurance Companies, the Hawaii Association of Mortgage Brokers, and the Hawaii Credit Union League.

Your Committee finds that recent reports of inflated residential mortgage rates, unfair prepayment mortgage penalty provisions, unrealistic hybrid repayment schedules, and other fraudulent acts have caused many states to reexamine their regulation of mortgage brokers. Although the number of complaints against mortgage brokers in Hawaii is less than the mainland, it is sufficient to warrant closer regulation of the mortgage broker industry.

Your Committee also finds that the current regulation of mortgage brokers and loan originators (or mortgage solicitors) under the Department of Commerce and Consumer Affairs' Professional and Vocational Licensing Division is limited to the

SB3010 SD2 SSCR LRB 08-2380.doc



registration of brokers and solicitors. In light of the recent problems involving mortgage brokers, designating the Department of Commerce and Consumer Affairs' Division of Financial Institutions to exercise direct supervision of the licensing, examination, and regulation of mortgage brokers and loan originators would better serve the interests of consumers.

This measure also grants the Commissioner of Financial Institutions appropriate licensing and enforcement powers and authorizes state participation in a uniform multistate automated licensing system to expedite licensing procedures and information sharing.

Your Committee has amended the measure by:

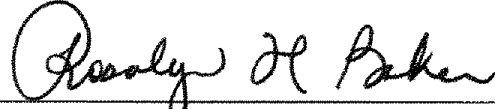
- (1) Removing or amending erroneous or obsolete references to terms, phrases, and section numbers and headings;
- (2) Removing redundant provisions;
- (3) Clarifying provisions, terms, section titles, etc. to conform to the intent of the measure;
- (4) Making appropriate amendments in other sections of the Hawaii Revised Statutes referencing chapter 454, Hawaii Revised Statutes or other applicable terms in this measure;
- (5) Adding an exemption to the regulation of mortgage brokers for "employees and agents of a licensee if the licensee is an affiliate of a bank and is wholly owned by the holding company that owns the bank;
- (6) Qualifying the prohibition of selling a mortgage loan at a borrower's home without an appointment, regardless if the sale was initiated by and at the invitation of the borrower; and
- (7) Making technical amendments that have no substantive effect.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3010, S.D. 1, as amended herein, and recommends that it pass



Third Reading in the form attached hereto as S.B. No. 3010,
S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB3010, SD1	Committee Referral: CPH, WAM	Date: 2/22/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.				/
INOUYE, Lorraine R.	/			
KIM, Donna Mercado	/			
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
WHALEN, Paul	/			
TOTAL	11	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes