



Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

January 30, 2008

The Honorable Robert Herkes, Chair and
Members of the House Committee on
Consumer Protection & Commerce
State Capitol, Room 325
Honolulu, Hawaii 96813

The Honorable Tommy Waters, Chair and
Members of the House Committee on Judiciary
State Capitol, Room 325
Honolulu, Hawaii 96813

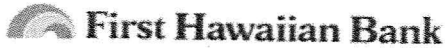
Re: House Bill 3088 Relating to Residential Mortgage Practices

Dear Chair Herkes, Chair Waters, members of the House Committee on Consumer Protection and Commerce and members of the House Committee on Judiciary:

I am Rick Tsujimura, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of real estate lenders in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, and other financial institutions. The members of the MBAH originate the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation, it is related only to mortgage lending.

The MBAH opposes House Bill 3088 Relating to Residential Mortgage Practices and prefers House Bill 2408 Relating to Mortgage Brokers. We recommend that House Bill 3088 be held. The MBAH will continue to work with the proponents of this measure as the legislature progresses.

Thank you for the opportunity to present this testimony.



Neal K. Okabayashi
Vice President & Attorney

Presentation to the
House Committee on Consumer Protection & Commerce
House Committee on Judiciary
Thursday, January 31, 2008 at 3:00 p.m., Room 325

HB 3088 – Relating to Residential Mortgage Practices

Representative Robert Herkes, Chair
and members of the House Committee on Consumer Protection & Commerce

Representative Tommy Waters, Chair
and members of the House Committee on Judiciary

My name is Neal Okabayashi of First Hawaiian Bank, and I testify in support of the concepts of HB 3088. While we support the concepts included in this bill, we believe that the proper vehicle should be HB 2408, which was heard on January 30, 2008.

There is no need to amplify on the multitude of studies and analysis which have demonstrated that one failing of our regulatory system on residential mortgage lending is that mortgage brokers are unregulated on both the federal or state level. This measure should be viewed as a step towards filling that void so that we would have effective state supervision and regulation of mortgage brokers, especially in light of the pending federal legislation which relies on state supervision and regulation of mortgage brokers.

We believe that this measure reflects a balance between industry needs and consumer needs, and we applaud the industry for stepping up to the plate on this issue.

I note that certain persons are exempt from chapter 454 either because their mortgage brokering role is either very limited, they are investors who buy mortgages rather than interact with potential mortgage borrowers or they are already subject to federal banking regulatory supervision and oversight. Exempting those subject to federal banking regulatory supervision and oversight is consistent with the concept that you should be subject to either federal or state banking regulatory supervision and oversight but not free from both federal and state supervision and oversight.

Given that approach, we are troubled by section 2 on Exemptions because it would exempt an operating subsidiary of a bank or savings association only if the subsidiary was regularly examined by the chartering agency for consumer compliance purposes but yet exempts employees and agents of a bank affiliate and imposes no requirement that the bank affiliate be examined for consumer compliance purposes.

We strongly object to that provision for two reasons. The first is that it flies in the face of a legislative amendment in 2007 which provided that an operating subsidiary of a bank or savings association is exempt from chapter 454. That amendment reflected the legal reality that an operating subsidiary is deemed for all purposes to be part of the bank or savings association and is thus subject to examination for compliance, safety and soundness, and consumer credit compliance by a federal banking regulator. Since operating subsidiaries of a bank and savings association are subject to consumer compliance examinations, that requirement does not make sense.

Curiously while requiring that operating subsidiaries be regularly examined for consumer compliance purposes to be exempt from mortgage broker regulation, the bill does not require that bank affiliates be regularly examined for consumer compliance purposes and perhaps, the bill does not require that because bank affiliates could not satisfy that requirement because they are not regularly examined for consumer compliance purposes. In fact, bank affiliates are not banks and in some cases, under existing federal law, are examined by the SEC or an insurance commissioner who are not familiar with consumer compliance.

It would certainly be ironic to require that an operating subsidiary prove that it is subject to consumer compliance examination to be exempt from mortgage broker examination, which indicates the importance placed by DFI on consumer compliance examinations but yet not require the same from a bank affiliate.

The net result is that the person acting as a mortgage broker and as an employee or agent for a bank affiliate, meaning a nonbank, would be subject to no banking supervision and oversight, federal or state, and thus we would strongly oppose any measure to expand the exemptions to employees and agents for bank affiliates.

I spoke by phone with the commissioner yesterday and he indicated his willingness to strike that provision from the bill.

In summary, we support the concepts of the bill but prefer that HB 2408 be the vehicle for any legislation.

Thank you for this opportunity to testify and I will be happy to answer any questions you may have.



LAUHALA MORTGAGE

January 31, 2008

To: The Honorable Robert N. Herkes, Chair
FAX (808) 586-8400 - repherkes@capitol.hawaii.gov

The Honorable Angus L. K. McKelvey, Vice Chair
FAX (808) 586-6161 - repmckelvey@capitol.hawaii.gov

Members of the House Committee on Consumer Protection & Commerce

Re: H. B. No. 3088 - Relating To Residential Mortgage Practices Letter in Opposition to Passage

Thank you for taking the initiative to recognize the need for change in the way mortgage brokers and mortgage solicitors are regulated. My name is Andrew Meislin, President of Lauhala Mortgage. As a Hawaii State licensed Mortgage Broker (MB #1139), Mortgage Solicitor (MS #10972), and long time member of the Hawaii Association of Mortgage Brokers (HAMB), **I request that you vote AGAINST the passage of HB 3088.**

While I agree with you, change is needed in the mortgage industry; however, can I encourage you to look at Hawaii Revised Statute 454 (Mortgage Brokers & Solicitors) to consider the following changes to the industry in order better protect the consumer:

Education & Training

Problem - Current Hawaii Revised Statutes does not have any testing, training or continuing education requirements. In the most states, mortgage brokers/solicitors must pass at a minimum some level of testing in order to obtain their license. In fact, in the State of California, not only do you have to pass a mortgage exam, you must also hold a California Real Estate license BEFORE you can obtain a mortgage solicitors license. It is apparent that the lack of any Hawaii education and training requirement is not in the best interest of the consumer.

Solution - Require that in order to obtain and continue to maintain a mortgage broker/solicitor license, the individual must hold a Hawaii Real Estate License, pass a mortgage exam, and fulfill continuing mortgage education requirements. The National Association of Mortgage Brokers has training & exam curriculums that would solve this problem.

Mortgage Solicitor is an Employee

Problem - Many mortgage solicitors are hired and/or paid as independent contractors. This practice allows many mortgage brokerages to operate as fly-by-night operations and shirk the tax and

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LAUHALA MORTGAGE

employment liabilities (wages, FICA, medical insurance, etc.) that an honest brokerage must cover in order to compete fairly in the marketplace. Pursuant to Hawaii Revised Statute 454 (Mortgage Brokers & Solicitors) this work arrangement is contrary to the law and should be regulated:

A mortgage solicitor however, is an individual who performs the same functions as a mortgage broker but must be employed by a mortgage broker. See Haw. Rev. Stat. sections 454-1, 454-2, 454-3(g)-(h) (1993). Accordingly, a mortgage solicitor is an employee (instead of an independent contractor) and will be subject to the Hawaii income tax on salary or wages received from the mortgage broker. Haw. Rev. Stat. sections 241-3 (1993), 235-51 (1998 Supp.).

Solution – Enforce the existing law that is in place. Perhaps the DCCA, RICO, and/or the Labor Board should conduct a full audit of every licensed Hawaii State Mortgage Broker to ensure the compliance with the current standards. As a caveat, many of the out-of-state operations that are allowed to conduct mortgage origination activity in the State of Hawaii maintain their mortgage solicitors as independent contractors. If an out-of-state originator is going to conduct business in Hawaii, they should be held to the same standard required by all in-state originators.

Barriers of Entry

Problem - Current Hawaii Revised Statutes allows non-licensed out-of-state originators to conduct business in Hawaii **without** a license. This loophole in the law is not only detrimental to consumers, but is also results in **loss revenues** (wages, expenses, taxes, etc.) for the State of Hawaii.

Solution – Require that any out of state mortgage broker/solicitor must hold a Hawaii Mortgage Broker & Mortgage Solicitor license. Additionally, out-of-state brokers/solicitors should be required to pass all Hawaii testing and continuing education requirements before they can conduct business.

While I commend your efforts to change mortgage origination laws, I urge you to consider the above changes and work with HAMB to get their recommendations. Perhaps if I can be of any assistance, please contact me at (808) 331-0585 or Andrew@LauhalaMortgage.com

Kind Regards,

Andrew Meislin
President

TO: The Honorable Angus L.K. McKelvey, Vice Chair

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Darnell Umeda, Vice President of Finance and association member of HAMB and NAMB. I oppose and request you vote against passage on HB 3088.

There are a number of issues, requirements that will negatively affect the industry and consumers if competition is reduced.

Would likely cause many current licensees to shut down.

Would create a serious barrier to entry into the business for companies and individuals. This reduction in choice and competition would not benefit the Hawaii consumer.

Detrimental items in the bill are as follows:

1. Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage Brokerage Company today).
2. Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently, which is comparable to the real estate industry... (Fees for individual loan originators are also up dramatically, too)
3. Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
4. Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones.
5. Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. **These features are also contained in HB 2408 which we can support.**

DCCA needs to work with industry.

Sincerely,



Darnell Umeda
Vice President of Finance
Aloha Aina Mortgage, Inc.

TO: The Honorable Angus L.K. McKelvey, Vice Chair

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Danya Schiappa, Certified Loan Consultant and association member of HAMB and NAMB. I oppose and request you vote against passage on HB 3088.

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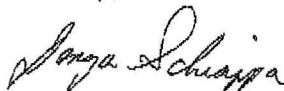
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Sincerely,



Danya Schiappa
Certified Loan Consultant
Aloha Aina Mortgage, Inc.

TO: The Honorable Angus L.K. McKelvey, Vice Chair

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am John Kuramoto, Senior Loan Consultant and association member of HAMB and NAMB. I oppose and request you vote against passage on HB 3088.

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DCCA needs to work with industry.

Sincerely,



John Kuramoto
Senior Loan Consultant
Aloha Aina Mortgage, Inc.

TO: The Honorable Angus L.K. McKelvey, Vice Chair

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Brett Nakoa, Senior Loan Consultant and association member of HAMB and NAMB. I oppose and request you vote against passage on HB 3088.

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DCCA needs to work with industry.

Sincerely,



Brett Nakoa
Senior Loan Consultant
Aloha Aina Mortgage, Inc.

TO: The Honorable Angus L.K. McKelvey, Vice Chair

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Katrina A. T. Shomida, Sales Manager, Senior Loan Consultant and association member of HAMB and NAMB. I oppose and request you vote against passage on HB 3088.

There are a number of issues, requirements that will negatively affect the industry and consumers if competition is reduced.

Would likely cause many current licensees to shut down.

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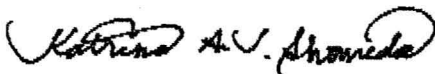
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HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. **These features are also contained in HB 2408 which we can support.**

DCCA needs to work with industry.

Sincerely,



Katrina A. T. Shomida
Sales Manager, Senior Loan Consultant
Aloha Aina Mortgage, Inc.



Island Home Loans

Helping You Build Your Dream

January 29, 2008

To: The Honorable Angus L.K. Mckelvey

From: Gary Young, Loan Officer

RE: H.B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Gary Young, a Member of HAMB. I oppose the HB 3088 Bill.

There are a number of issues that will negatively affect the industry and consumers if competition is reduced. This Bill would:

1. Likely cause quite a number of current licenses to shut down.
2. Would create a serious barrier to entry into the business for companies and individuals.
3. This reduction in choice and competition would not benefit the Hawaii consumer.

The detrimental items in the Bill are as follows:

A. Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage broker company today).

B. Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License Fee - \$1,000 Renewal Fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically, too)

C. Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.

D. This bill contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). We need to enforce existing federal mortgage lending statutes, not new ones.

E. Increases the monetary penalties for individual violations to an amount five times the existing penalty.

F. Transferring our regulatory agency from DCCA to DFI financial institutions. We are not a financial institution.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

Sincerely,

Gary Young
Loan Officer

688 Kinoole Street, Suite 209 ♦ Hilo, Hawaii 96720 ♦ Phone: (808) 961.0605 ♦ Fax: (808) 935.3374



Island Home Loans

Helping You Build Your Dream

January 29, 2008

To: The Honorable Angus L.K. Mckelvey

From: Gary Bartolome, Manager

RE: H.B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Gary Bartolome, a Member of HAMB. I oppose the HB 3088 Bill.

There are a number of issues that will negatively affect the industry and consumers if competition is reduced. This Bill would:

1. Likely cause quite a number of current licenses to shut down.
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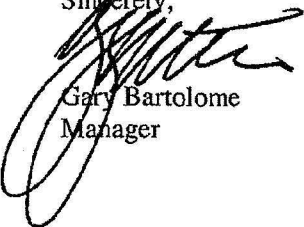
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F. Transferring our regulatory agency from DCCA to DFI financial institutions. We are not a financial institution.

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Sincerely,


Gary Bartolome
Manager

688 Kinoole Street, Suite 209 ♦ Hilo, Hawaii 96720 ♦ Phone: (808) 961.0605 ♦ Fax: (808) 935.3374



Island Home Loans

Helping Your Build Your Dream

January 29, 2008

To: The Honorable Angus L.K. Mckelvey

From: Teresa Murray, Loan Officer

RE: H.B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Teresa Murray, a Non-Member of HAMB. I oppose the HB 3088 Bill. There are a number of issues that will negatively affect the industry and consumers if competition is reduced. This Bill would:

1. Likely cause quite a number of current licenses to shut down.
2. Would create a serious barrier to entry into the business for companies and individuals.
3. This reduction in choice and competition would not benefit the Hawaii consumer.

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- HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

Sincerely,

Jamie Kahapea

FOR Teresa Murray
Loan Officer

688 Kinoole Street, Suite 209 ♦ Hilo, Hawaii 96720 ♦ Phone: (808) 961.0605 ♦ Fax: (808) 935.3374



Island Home Loans

Helping Your Build Your Dream

January 29, 2008

To: The Honorable Angus L.K. Mckelvey

From: Larry Lau, Loan Officer

RE: H.B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Larry Lau, a Non-Member of HAMB. I oppose the HB 3088 Bill.

There are a number of issues that will negatively affect the industry and consumers if competition is reduced. This Bill would:

1. Likely cause quite a number of current licenses to shut down.
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3. This reduction in choice and competition would not benefit the Hawaii consumer.

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Sincerely,

Larry Lau
Loan Officer

688 Kinoole Street, Suite 209 ♦ Hilo, Hawaii 96720 ♦ Phone: (808) 961.0605 ♦ Fax: (808) 935.3374

MORTGAGESOURCE, LLC

Ala Moana Building, Suite 2010
1441 Kapiolani Boulevard · Honolulu, Hawaii 96814
Tel 808 780-9405 · Fax 808 396-9680

Aloha Honorable Robert N. Herkes & Angus L.K. McKelvey:

Re: HB No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

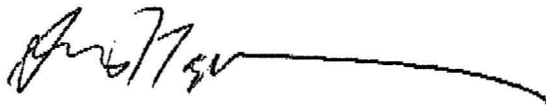
I, Steven Tagawa, request you vote against passage on HB 3088.

There are a number of features that will negatively affect the industry and consumers if fair competition is reduced. The passage of this Bill would likely cause a lot of current licensees to abandon and would create an entry barrier into the profession for companies and individuals. In my opinion, this reduction in choice and competition would not benefit the Hawaii consumer. Problematic items in the bill are as follows:

1. Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today);
2. Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee compared to \$320 every two years for a mortgage broker currently (Fees for individual loan originators are also up dramatically);
3. Sets an hourly fee for compliance audit examinations (under a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
4. It also contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii. I suggest reinforcing current federal mortgage lending statutes, instead of introducing new ones, for example, increasing the monetary penalties for individual violations to an amount five times the existing penalty.

Thank you for your attention.

Sincerely,



Steven Tagawa
Senior Loan Officer



KAILUA MORTGAGE LLC

970 N. KALAHEO AVE. SUITE C-104
 KAILUA, HAWAII 96734
 808-254-3333
 FAX 254-3313
 kailuamortgage.com

January 30, 2008

To: The Honorable Angus L. K. McKelvey, Vice Chair fax 586-6161 repmckelvey@capitol.hawaii.gov

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices - Opposition

I am Scott Coffman, principal broker at Kailua Mortgage LLC, 2008 Vice President of the Hawaii Association of Mortgage Brokers (HAMB). I request you vote against passage on HB 3088.

There are a number of issues that will negatively affect the industry and consumers if competition is severely reduced and which would likely cause more than a few current licensees to cease operations, and would create a serious barrier to entry into the business for many companies and individuals. This reduction in choice and competition would not benefit the Hawaii consumer.

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Mahalo,

Scott Coffman
 Mortgage Consultant

ISLAND HOME LOANS MADE EASY

MORTGAGESOURCE, LLC

Davies Pacific Center, Suite 2100
841 Bishop Street
Honolulu, HI 96813
Ofc: (808) 457-1151
Cell : (808) 225-8865
Fax: (808) 440-1040
mark@mortgage808.com

January 30, 2008

Aloha Honorable Robert N. Herkes & Angus L.K. McKelvey:

Re: HB No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I, Mark Studebaker, request you vote against passage on HB 3088.

There are a number of features that will negatively affect the industry and consumers if fair competition is reduced. The passage of this Bill would likely cause a lot of current licensees to abandon and would create an entry barrier into the profession for companies and individuals. In my opinion, this reduction in choice and competition would not benefit the Hawaii consumer.

Problematic items in the bill are as follows:

- 1. Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today);
 -
 - 2. Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee compared to \$320 every two years for a mortgage broker currently (Fees for individual loan originators are also up dramatically);
 -
 - 3. Sets an hourly fee for compliance audit examinations (under a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
- o. It also contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii. I suggest reinforcing current federal mortgage lending statutes, instead of introducing new ones, for example, increasing the monetary penalties for individual violations to an amount five times the existing penalty.

Thank you for your attention.

Sincerely,



Mark Studebaker
Senior Loan Consultant

American Financial Mortgage Company

A Financial Resource Company

1188 Bishop Street, Suite 3401 Honolulu, HI 96813 (808) 522-0925 Fax (808) 522-0928

January 29, 2008

To: The Honorable Angus L. K. McKelvey, Vice Chair
FAX: 586-6161 repmckelvey@capitol.hawaii.gov

From: Gary Kwock, President

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Gary Kwock, President of REH Inc., dba American Financial Mortgage Company and association member of HAMB and the BBB of Hawaii. I oppose and request you vote against passage, on HB 3088.

There are a number of unjust requirements that will negatively affect the industry and consumers if competition is arbitrarily reduced. These onerous components would likely cause many highly reputable licensees to shut down. Furthermore they would create a serious barrier to entry into the business for both companies and individuals. This reduction in choice and competition would not benefit the Hawaii consumer.

The detrimental items in the bill are as follows:

1. Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each (compared to \$15,000 per mortgage brokerage company today).
2. Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee, compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically, too)
3. Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
4. Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). There is a need to enforce existing federal mortgage lending statutes, not make new ones.
5. Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

The DCCA needs to work with industry, and with the our professional group HAMB.

Sincerely,



David M. O'Neill

Aloha Honorable Robert N. Herkes & Angus L.K. McKelvey:

Re: HB No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I, David O'Neill, Vice- President of MortgageSource, LLC, request you vote against passage on HB 3088.

There are a number of features that will negatively affect the industry and consumers if fair competition is reduced. The passage of this Bill would likely cause a lot of current licensees to abandon and would create an entry barrier into the profession for companies and individuals. In my opinion, this reduction in choice and competition would not benefit the Hawaii consumer. Problematic items in the bill are as follows:

Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today);

Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee compared to \$320 every two years for a mortgage broker currently (Fees for individual loan originators are also up dramatically);

Sets an hourly fee for compliance audit examinations (under a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.

It also contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii. I suggest reinforcing current federal mortgage lending statutes, instead of introducing new ones, for example, increasing the monetary penalties for individual violations to an amount five times the existing penalty.

Thank you for your attention.

Sincerely,


David M O'Neill

MORTGAGESOURCE, LLC

Home Loans

David M , O'Neill, Vice-President
Ala Moana Building, Suite 2010
1441 Kapiolani Boulevard, Honolulu, HI 96814
Cel (808) 551-9661
Fax (808) 395-5850

1/30/2008



Phone 808-245-1817 Fax 267-413-5920
jason.blake@carteretmortgage.com

Jason Blake, Senior Loan Officer

January 30, 2008

Honorable Angus L. K. McKelvey
VIA FACSIMILE 586-6161
RE: HB 3088

Dear Representative Herkes:

I am a Sr. Loan Officer with Carteret Mortgage Corporation and a member of HAMB. I oppose HB 3088.

There are a number of features that will negatively affect the industry and consumers if competition is severely reduced. The current bill would likely cause many current licensees to shut down and would create a serious barrier to entry into the business for companies and individuals. This reduction in choice and competition would not benefit the Hawaii consumer.

Problematic items in the bill include:

- Huge increase in bond requirements on individual mortgage brokers and loan originators to be bonded for \$50,000 each, compared to \$15,000 per mortgage brokerage company today.
- Large increase in state fees for mortgage brokers -- \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. This is compared to \$320 every two years for a mortgage broker currently. Fees for individual loan originators or solicitors are also up dramatically, too. This is not helpful in a market that is very unstable currently.
- An hourly fee for compliance audit examinations which does not differentiate between a sole practitioner and a large firm of many loan originators-- a further barrier for small business in Hawaii.
- Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii. We need to enforce existing federal mortgage lending statutes not create new ones.
- Increases the monetary penalties for individual violations to an amount five times the existing penalty.





HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground checks, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

DCCA needs to work with industry.

Mahalo,

Jason Blake
Carteret Mortgage Kauai





1268 Young Street, Suite 305
Honolulu, HI 96814
Telephone: (808) 545-1234
Fax: (808) 545-7777

January 30, 2008

To: The Honorable Angus L. K. McKelvey, Vice Chair
House Committee on Consumer Protection & Commerce

Re: H. B. No. 3088 -- Relating to Residential Mortgage Practices

I have been in the lending business for almost 30 years and a mortgage broker since 1994. I have been a member of the Hawaii Association of Mortgage Brokers (HAMB) for over 10 years and have served on the HAMB Board as a director, vice president and president. One of the joys of being a mortgage broker is helping people obtain financing for their dream homes and seeing the happiness in their faces.

I respectfully request you to vote against or hold action on HB 3088.

There are several issues in HB 3088 that will either severely restrict or end the mortgage broker business. My primary concerns are of the following:

1. The compliance audit examinations will place an added financial burden on small broker companies like my own.
2. Bond requirements will be much higher than now and will add cost to our business. Currently, the broker company obtains a \$15,000 bond. The tier structure needs to be looked at further. Why is to bond coverage doubled by adding a 6th loan originator to a broker firm?
3. The application fee amounts are exorbitant, increasing over 300% for broker renewal applications.

I agree with HAMB in supporting many of the concepts stated in HB 3088, including background checks, testing and continuing education.

Please do not allow HB 3088 to pass and allow DCCA to work with HAMB and other interested groups to come up with a palatable plan that would be workable and acceptable to everyone.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Tashiro", written in a cursive style.

Dennis Tashiro
President

January 30, 2008

To: The Honorable Angus L. K. McKelvey, Vice Chair
FAX 586-6161 repmckelvey@capitol.hawaii.gov

Re: H. B. No. 3088 – OPPOSITION TO Residential Mortgage Practices

I am Christine M. Burton, Loan Origination Officer and an association member of HAMB. I am **requesting to hold action on HB 3088**. HB3088 will negatively impact BOTH the mortgage finance industry and consumers.

I encourage professionalism in mortgage loan officers by demonstrated knowledge, ethical standards and commitment to meet consumer needs. ALL mortgage loan providers need to increase their professionalism so the consumers' needs are met, which may ultimately mean that unqualified buyers are not jeopardized financially with loans that cannot be repaid.

Red flag items in HB3088 are as follows:

I. Huge increase in bond requirements - all individual mortgage brokers and loan originators to be bonded for \$50,000 each compared to \$15,000 per mortgage brokerage company today.

Perhaps the suggested criteria be considered for a **mortgage broker**:

- \$50,000 minimum net worth of which at least \$10,000 in liquid assets must be retained at all times.
- \$20,000 Surety Bond

Individuals (loan officers) working for mortgage brokers have to be licensed with no bonding.

Perhaps the suggested criteria be considered for a **mortgage banker**:

- \$150,000 minimum net worth of which \$30,000 in liquid assets must be retained at all times.
- \$20,000 Surety Bond
- \$100,000 Fidelity Bond

II. Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.

III. Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones

HAMB supports HB 2048 which we feel will protect our consumers and provide a marketplace that can thrive competitively.

Thank you for your kind attention to my listed concerns.

Sincerely,



Christine M. Burton
Loan Origination Officer
(808) 330 - 4978

OPTION MORTGAGE, LLC

7 Waterfront Plaza 500 Ala Moana Blvd., Suite 400 Honolulu, HI 96813 Ph: 808-373-4803 Fax: 808-373-4804

Date: January 30, 2008

To: The Honorable Angus L. K. McKelvey, Vice Chair
From: Nancy Higa
Re: H.B. No. 3088 – Relating To Residential Mortgage Practices Letter in
Opposition to passage

As co-owner and association member of HAMB and NAMB, I request you vote against passage on HB 3088.

There are a number of issues that will negatively affect the industry and consumers if competition is reduced. Additionally, this bill would likely cause many current licensees to shut down and create a serious barrier to entry into the business. This reduction in choice of mortgage options would not benefit the Hawaii consumer.

Detrimental items in the bill are as follows:

1. Huge increases in bond requirements: All individual mortgage brokers and loan originators would need to be bonded for \$50,000 each as compared to \$15,000 per mortgage brokerage company today.
2. Large increase in state fees for mortgage brokers: A \$2,000 application fee, \$100 license fee and a \$1,000 renewal fee is proposed as compared to \$320 every two years for a mortgage broker. Fees for the individual loan originators are also up dramatically too.
3. Sets an hourly fee for compliance audit examinations which does not differentiate between a sole practitioner and a large firm of many loan originators. This is a further barrier for small business in Hawaii.
4. Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). We need to enforce existing federal mortgage lending statutes, not create new ones.
5. Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive background checks, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

DCCA needs to work with industry.

Sincerely,



Nancy Higa
Co-owner, Option Mortgage

January 30, 2008

To Honorable Augus L. K. McKelvey,

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Roxanne Redenbaugh, Mortgage Broker, association member of HAMB. I request you vote against passage, on HB 3088. There are a number of features that will negatively affect the industry and consumers if competition is reduced. Components which would likely cause many, current licensees to shut down. Including myself, I am a small business trying to stay in business in these trying times in our industry and our current economic state.

Would create a serious barrier to entry into the business for companies and individuals. This reduction in choice and competition would not benefit the Hawaii consumer.

Detrimental, problem items in the bill are as follows:

Huge increase in bond requirements – individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage Brokerage Company today). The Bonding companies are the only beneficiaries by this increase.


Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically, too. Increasing these fees by this exorbitant amount will effect the small business person in a very negative way and would detour new comers to our industry

Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.

Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones. Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support. DCCA needs to work with industry.

Sincerely,


Roxanne Redenbaugh, Broker



THE GREAT LIFE OF THE FUTURE

TO: The Honorable Angus L.K. McKelvey (Vise Chair)

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Chester L Dal Santo President and association member of HAMB and NAMB. I oppose and request you vote against passage on HB 3088.

There are a number of issues, requirements that will negatively affect the industry and consumers if competition is reduced.

Would likely cause many current licensees to shut down.

Would create a serious barrier to entry into the business for companies and individuals. This reduction in choice and competition would not benefit the Hawaii consumer.

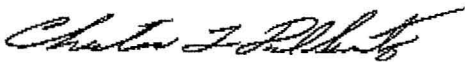
Detrimental items in the bill are as follows:

1. Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage Brokerage Company today).
2. Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently, which is comparable to the real estate industry... (Fees for individual loan originators are also up dramatically, too)
3. Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
4. Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones.
5. Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. **These features are also contained in HB 2408 which we can support.**

DCCA needs to work with industry.

Sincerely,



Chester L. Dal Santo
President
Aloha Aina Mortgage, Inc.

To: The Honorable Angus L. K. McKelvey, Vice Chair FAX 586-6161
 repmckelvey@capitol.hawaii.gov

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Keoni Meyer, VP of Innovative Island Mortgages and association member of HAMB for the last 5 years. I (oppose, request you vote against passage, hold action)) on HB 3088.

There are a number of (features, issues, requirements) that will negatively affect the industry and consumers if competition is (adverb) reduced. of onerous components which

Would likely cause (a lot, many, quite a number) current licensees to shut down.

Would create a serious barrier to entry into the business for companies and individuals.

This reduction in choice and competition would not benefit the Hawaii consumer.

(Bad, detrimental, problem) items in the bill are as follows:

- o Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today).
- o Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically, too)
- o Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
- o contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones
- o Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

DCCA needs to work with industry.

Sincerely,



Keoni Meyer

To: The Honorable Angus L. K. McKelvey, Vice Chair FAX 586-6161
 repmckelvey@capitol.hawaii.gov

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Darren Au, President of Innovative Island Mortgages and association member of HAMB for the last 9 years. I (oppose, request you vote against passage, hold action)) on HB 3088.

There are a number of (features, issues, requirements) that will negatively affect the industry and consumers if competition is (adverb) reduced. of onerous components which

Would likely cause (a lot, many, quite a number) current licensees to shut down.

Would create a serious barrier to entry into the business for companies and individuals.

This reduction in choice and competition would not benefit the Hawaii consumer.

(Bad, detrimental, problem) items in the bill are as follows:

- o Huge increase in bond requirements – all individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today).
- o Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically, too)
- o Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
- o contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones
- o Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

DCCA needs to work with industry.

Sincerely,



Darren T.K.W. Au

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Dane Reeves and title I have been a member of HAMB for 3 years. I am a sales manager for Indymac Bank for the state of Hawaii. I request you vote against passage on HB 3088.

There are a number of issues that will negatively affect the industry and consumers if competition is greatly reduced. Some of the most onerous components include:

- This would likely cause many current licensees to shut down.
- Would create a serious barrier to entry into the business for companies and individuals.
- This reduction in choice and competition would not benefit the Hawaiian consumer.

Detrimental items in the bill are as follows:

- Huge increase in bond requirements - All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today).
- Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically, too)
- Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
- Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones
- Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

DCCA needs to work with industry.

Sincerely,



Dane Reeves
808-772-0729

To: Honorable Robert N. Herkes,

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Brenda Ward, I am with Accufast Mortgage Solutions and have been in the mortgage industry for 29 years. I would like you to vote against the passage on HB 3088.

There are a number of features, that will negatively affect the industry and consumers if competition is quickly reduced. This would likely cause quite a number of current licensees to shut down. It would create a serious barrier to entry into the business for companies and individuals. I feel that this reduction in choice and competition would not benefit the Hawaii consumer.

Detrimental items in the bill are as follows:

- o. Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today).
- o. Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically).
- o. Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
- o. contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones
- o. Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

DCCA needs to work with THE MORTGAGE industry.

Sincerely,

Brenda Ward

Accufast Mortgage Solutions

MS#1878

ABC MORTGAGE CHU LAN PROPERTIES

111 N. King Street #311 Honolulu Hawaii 96817

Tel: 808-545-2442

Email: clskwock@aol.com

January 31, 2008

To: The Honorable Robert N. Herkes, Chair FAX 586-8404
repherkes@capitol.hawaii.gov

The Honorable Angus L. K. McKelvey, Vice Chair FAX 586-6161
repmckelvey@capitol.hawaii.gov

Members of the House Committee on Consumer Protection & Commerce: See Web Link

<http://www.capitol.hawaii.gov/site/house/comm/commCPC.asp>

Dear Sirs:

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Chu Lan Shubert-Kwock is a **small one man operator** and an association member of HAMB and HAR & HBR). I (request you vote against passage, hold action)) on HB 3088.

There are a number of (features, issues, requirements) that will negatively affect the industry and consumers if competition is (adverb) reduced. of onerous components which

Would likely cause (a lot, many, quite a number) current licensees to shut down.

Would create a serious barrier to entry into the business for companies and individuals.

This reduction in choice and competition would not benefit the Hawaii consumer.

Detrimental items in the bill are as follows:

- o. Huge increase in bond requirements - All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today).

- o. Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically, too)
- o. Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.
- o. contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones
- o. Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

DCCA needs to work with industry.



I believe the good intention of the Legislature, but we already have all the enforceable Federal Laws so why reinvent the wheel? Also why increase the cost of doing business in Hawaii and penalize the small business person and in the end punish the consumer with less choices and more costs since the costs will be passed on to them? How many brokers actually has hurt the Hawaiian consumers as compared to???

Sincerely,

A handwritten signature in cursive script, appearing to read "Chu Lan Shubert-Kwock", written over a horizontal line.

Chu Lan Shubert-Kwock
Small mortgage company owner
ABC Mortgage

LAW OFFICES
OF
MARVIN S. C. DANG
A Limited Liability Law Company

MARVIN S. C. DANG
JASON M. OLIVER
SUMMER OKADA
DAWN TAKEUCHI-APUNA
PAUL T. HOLTROP
MARCUS J. FLOREZ

MAILING ADDRESS:
P.O. BOX 4109
HONOLULU, HAWAII 96812-4109

TELEPHONE: (808) 521-8521
FAX: (808) 521-8522
E-MAIL: dangm@aloha.net
INTERNET: www.lawyers.com/marvindang

January 31, 2008

Rep. Robert N. Herkes, Chair,
and members of the House Committee on Consumer Protection & Commerce
Rep. Tommy Waters, Chair,
and members of the House Committee on Judiciary
Hawaii State Capitol
Honolulu, Hawaii 96813

Re: House Bill 3088 (Residential Mortgage Practices)
Hearing Date/Time: Thursday, January 31, 2008, 3:00 P.M.

I represent **Primerica Financial Services Home Mortgages, Inc.** ("Primerica"), a Hawaii licensed mortgage broker, and a subsidiary of Citigroup, Inc., a financial services holding company.

The purpose of this bill is to repeal the law on Mortgage Brokers and Solicitors, and replace it with a statute that provides for more specialized regulation of residential mortgage brokers, residential mortgage lenders and residential loan originators by the Division of Financial Institutions.

Primerica supports the intent of this Bill.

This Bill provides a means to prevent a reoccurrence of situations where certain mortgage brokers and solicitors packaged inappropriate mortgage loans which were made to vulnerable borrowers. In Hawaii, delinquent mortgage loans have increased in recent years. While not all of the delinquencies are attributed to the origination of inappropriate loans (since job loss, divorces, and medical expenses also contribute to delinquencies), some of these delinquencies can be linked to inappropriate loans. As some of these adjustable rate mortgages reset to higher interest rates, the number of families who are unable to afford their payments and who are threatened with foreclosure has risen.

Presently, Hawaii mortgage brokers and mortgage solicitors are licensed by the Professional and Vocational Licensing Division and regulated by the Regulated Industries Complaints Office of the Department of Commerce & Consumer Affairs. This Bill seeks to unify licensing and regulation under the purview of the Commissioner of Financial Institutions and Division of Financial Institutions.

This Bill would allow the Commissioner to obtain criminal history record checks of license applicants. The Commissioner of Financial Institutions would have various powers including the authority to examine mortgage brokers and loan originators for compliance with laws and rules. The State would be authorized to join and participate in a uniform multi-state automated licensing system for mortgage brokers, mortgage lenders and mortgage loan originators. In the Bill, various prohibited acts or conduct of a licensee would result in the

Rep. Robert N. Herkes, Chair,
and members of the House Committee on Consumer Protection & Commerce
Rep. Tommy Waters, Chair,
and members of the House Committee on Judiciary

January 31, 2008

Page 2

license being revoked, suspended, or terminated by the Commissioner. The Commissioner could also impose fines.

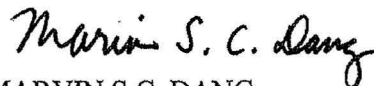
Under the current law, various entities and individuals are exempt from being licensed as mortgage brokers or solicitors. There are sound and valid reasons to exempt these entities which include certain financial institutions. This Bill continues these exemptions.

This Bill appropriately adds another exemption from licensure – “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.”¹ Primerica supports this approach regarding the exemption which is based on the Idaho law.

During the past 2 years, other states have enacted laws with concepts and wording similar to that exemption. These states include Georgia (in 2006), New York (in 2006), Washington (in 2006), and Texas (in 2007). These statutory changes have taken place well after the Gramm-Leach-Bliley Financial Services Modernization Act of 1999. We can provide the Committee with copies of these statutes.

With that exemption wording, Primerica will still need to be licensed as a mortgage broker. As a licensed mortgage broker, Primerica would be subject to regulation and oversight by the Commissioner of Financial Institutions ... the same Commissioner who also regulates and oversees Hawaii’s state banks. As a mortgage broker licensee, Primerica would be responsible for the regulated activities of its Exclusive Representatives, who would be exempt from licensing ... just as a bank is responsible for the activities of its bank employees and bank loan officers who are exempt from licensing. Under this Bill, the Commissioner of Financial Institutions would be able examine and investigate Primerica. And for violations, the Commissioner could revoke, suspend or terminate Primerica’s license, and impose fines.

Thank you for considering this testimony.



MARVIN S.C. DANG
Attorney for
Primerica Financial Services Home Mortgages, Inc.

(MSCD/af)

¹Pg. 7, Lines 18-21 of H.B. 3088.

HAWAII FINANCIAL SERVICES ASSOCIATION

c/o Marvin S.C. Dang, Attorney-at-Law

P.O. Box 4109

Honolulu, Hawaii 96812-4109

Telephone No.: (808) 521-8521

Fax No.: (808) 521-8522

January 31, 2008

Rep. Robert N. Herkes, Chair,
and members of the House Committee on Consumer Protection & Commerce
Rep. Tommy Waters, Chair,
and members of the House Committee on Judiciary
Hawaii State Capitol
Honolulu, Hawaii 96813

Re: **House Bill 3088 (Residential Mortgage Practices)**
Hearing Date/Time: Thursday, January 31, 2008, 3:00 P.M.

We are the attorneys for the Hawaii Financial Services Association ("HFSA"). The HFSA is the trade association for Hawaii's financial services loan companies.

The HFSA **supports the intent** of this Bill.

The purpose of this Bill is to repeal the law on Mortgage Brokers and Solicitors and replace it with a statute that provides for more specialized regulation of residential mortgage brokers, residential mortgage lenders and residential loan originators by the Division of Financial Institutions.

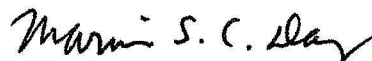
Financial services loan companies (and other financial institutions such as banks, savings banks, credit unions, and others) are not considered a "mortgage broker" under existing law (Chapter 454 of the Hawaii Revised Statutes) and under this Bill. And, this should not change.

However, the HFSA and other trade associations for mortgage lenders have an interest in how lending issues are addressed by this Bill so that legitimate mortgage lending is not adversely impacted by overly broad legislation or by unforeseen consequences.

The HFSA was a member of the Mortgage Broker Task Force of the Commissioner of Financial Institutions in 2006 and has an interest in this and other mortgage broker legislation.

We understand that certain details in this Bill may need to be refined. We are willing to work with interested parties and your Committee to craft an acceptable bill.

Thank you for your consideration.



MARVIN S.C. DANG

PAUL HOLTROP

Attorneys for Hawaii Financial Services Association

(MSCD/hfsa)

Tish Mercado

From: Milton Drageset [mdrageset@ifshawaii.com]

Sent: Thursday, January 31, 2008 8:42 AM

To: Rep. Robert Herkes; Rep. Angus McKelvey

Subject: Opposition to HB #3088

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

My name is Milton Drageset, a member of Hawaii Association of Mortgage Brokers. I strongly oppose, and request you vote against passage, on HB 3088.

There are a number of features that will negatively affect the industry and consumers if competition is strongly reduced. Many of the onerous components would likely cause a number current licensees to leave the mortgage industry it would create a serious barrier to entry into the business for companies and individuals. This reduction in choice and competition would not benefit the Hawaii consumer.

Following are the issues I have with the proposed legislation:

- Huge increase in bond requirements – individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today).
- Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently.
- Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators:
- The bill contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only).

We need to enforce existing federal mortgage lending statutes, not create new ones

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which we can support.

Please do what's right and do NOT pass HB 3088 in its current form.

Sincerely,

Milton Drageset

www.ifsHawaii.com

(C) 808.782.6672

1/31/2008

Tish Mercado

From: nancy@mauismortgage.com
Sent: Wednesday, January 30, 2008 4:03 PM
To: Rep. Angus McKelvey
Subject: H. B. No. 3088 - Relating To Residential Mortgage Practices Letter in opposition to passage

Dear Honorable Representative Angus L.K. McKelvey:

I am Nancy Bayron, Broker of Sapphire Mortgage in Maui and an association member of HAMB and NAMB. I respectfully request that you vote against passage of HB 3088.

There are a number of issues and requirements that I feel will negatively affect the industry and ultimately the consumers of Hawaii if competition is reduced. There are burdensome components of HB 3088 which would likely cause many current ethical licensees to shut down. The reduction in competition would directly and negatively impact the Hawaii consumer by not only limiting their choices which would drive up pricing in the marketplace of those left in the field.

The detrimental or problematic items in the bill are as follows:

- Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today).
- Large increase in state fees for mortgage brokers - \$2,000 Application Fee, ~ \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically).
- Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii. At \$40+ per hour per auditor with no limitation could run a small business into debt and even out of business.
- Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii State only. I would think that Hawaii should enforce the existing federal mortgage lending statutes.
- Increases the monetary penalties for individual violations to an amount five times the existing penalty.

HAMB supports many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing and continuing education. These features are also contained in HB 2408 which we can support.

Sincerely,

Nancy Bayron

Broker

Sapphire Mortgage

www.MauisMortgage.com

193 North Church Street

Wailuku, HI 96793

808-242-8110

Re: H. B. No. 3088 – Relating To Residential Mortgage Practices Letter in opposition to passage

I am Alan Zukerkorn, President of Hawaii Mortgage Company, Inc. I oppose HB 3088.

There are a number of features that will negatively affect the industry and consumers if this bill is passed.

The major flaw in this bill is the provision that still allows companies NOT licensed in the state to conduct mortgage activities. One of the main sources of complaints from consumers is using a company not licensed in Hawaii, and not having any recourse from state agencies to regulate these firms.

Other problems include:

A serious barrier to entry into the business for individuals.

A reduction in choice and competition would not benefit the Hawaii consumer.

Other detrimental items in the bill are as follows:

Huge increase in bond requirements – All individual mortgage brokers and loan originators to be bonded for \$50,000 each, (compared to \$15,000 per mortgage brokerage company today).

Large increase in state fees for mortgage brokers - \$2,000 Application Fee, - \$100 License fee - \$1,000 renewal fee. Compared to \$320 every two years for a mortgage broker currently. (Fees for individual loan originators are also up dramatically, too)

Sets an hourly fee for compliance audit examinations (a new state power) which does not differentiate between a sole practitioner and a large firm of many loan originators: a further barrier for small business in Hawaii.

Contains a list of 11 prohibitive acts for brokers and loan originators in Hawaii (only). Need to enforce existing federal mortgage lending statutes, not new ones

Increases the monetary penalties for individual violations to an amount five times the existing penalty.

I support many of the concepts associated with the DCCA originated HB 3088, including comprehensive back ground check, testing before licensing, and continuing education. These features are also contained in HB 2408 which I can support.

DCCA needs to work with industry.

Sincerely,

