

Honolulu, Hawaii

APR 30 2009 , 2009

RE: S.B. No. 34
S.D. 1
H.D. 1
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 34, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE MORTGAGE RESCUE FRAUD PREVENTION ACT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to exempt licensed real estate brokers and salespersons acting within the scope of their licenses from the definition of "distressed property consultant" under the Mortgage Rescue Fraud Prevention Act, chapter 480E, Hawaii Revised Statutes. This measure also prohibits a real estate broker or salesperson from acquiring an ownership interest in distressed property within two years after a listing agreement for the distressed property has expired or is terminated.

Under current law, a real estate licensee is prohibited from participating in short sale transactions that allow a homeowner at



risk of foreclosure to negotiate a reduced payment price with a lender in order to avoid the long-term consequences of foreclosure. Your Committee finds that protecting homeowners who are in a financially vulnerable position is of paramount importance. Your Committee is also aware that the potential for conflicts of interest or abuse does exist when real estate licensees are involved in short sale negotiations. However, your Committee finds that existing civil and criminal penalties in Hawaii's real estate licensure and fraud-prevention statutes are adequate to protect consumers. Further, this measure adds additional protections to the current law by prohibiting a real estate licensee from acquiring an ownership interest in property for a period of time after the property is listed with the licensee for a short sale.

Your Committee has amended this measure by:


- (1) Changing the period during which a real estate licensee is prohibited from acquiring an ownership interest in distressed property from two years to three hundred sixty-five days;
- (2) Making it effective upon approval; and
- (3) Making technical, nonsubstantive changes for the purpose of clarity and accuracy in its language.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 34, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 34, S.D. 1, H.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

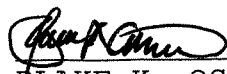
ON THE PART OF THE SENATE



ROBERT N. HERKES, Co-Chair



ROSALYN H. BAKER, Chair



BLAKE K. OSHIRO, Co-Chair



Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 34, SD 1, HD 1	Date/Time: 4-22-09 2:12 pm
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The recommendation of the House and Senate managers is to pass with amendments (CD).

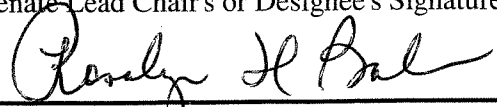
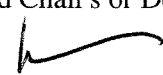
The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				HERKES, Robert N., Co-Chr.	✓			
IGE, David Y.				✓	OSHIRO, Blake K., Co-Chr.	✓			
HEMMINGS, Fred	✓				WAKAI, Glenn				✓
					MARUMOTO, Barbara C.	✓			
TOTAL	2			1	TOTAL	3			1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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