
A BILL FOR AN ACT

RELATING TO MORTGAGE LOAN ORIGINATORS.

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

1 SECTION 1. Chapter 454F, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§454F- Exemption of qualified nonprofit community
5 organizations. (a) A nonprofit organization that demonstrates
6 to the satisfaction of the commissioner that the organization is
7 a bona fide nonprofit community organization that operates in
8 the public interest may apply for an exemption from licensing as
9 a mortgage loan originator company under this chapter.

10 (b) Factors to be considered by the commissioner in
11 determining if an organization is a bona fide nonprofit
12 community organization for purposes of exemption include, but
13 shall not be limited to:

- 14 (1) The funding sources of the organization;
15 (2) Whether the organization has tax exempt status as a
16 charitable organization, such as the tax exempt status
17 under 12 United States Code section 501(c) (3);



- 1 (3) The terms and rates of mortgage loans originated or
2 products offered by the organization;
- 3 (4) Whether the organization is able to help a borrower
4 obtain credit at or below market rates or on terms
5 more advantageous than are commercially available;
- 6 (5) Whether the primary purpose of the organization is to
7 serve the public through helping low- to moderate-
8 income borrowers or addressing other community credit
9 and housing needs;
- 10 (6) The compensation and management structure of the
11 organization;
- 12 (7) Whether the organization provides a commission or
13 other compensation structure that provides incentives
14 to employees to steer consumers into certain types of
15 loans or whether employees are compensated on a salary
16 basis;
- 17 (8) Whether the organization makes any profit on its loan
18 products or services;
- 19 (9) Whether financial literacy programs are provided in
20 conjunction with the organization's services;
- 21 (10) Whether the organization provides or requires training
22 for its employees; and



1 (11) Whether the organization provides homebuyer education
2 and housing counseling to its clients before a client
3 is eligible to receive a mortgage.

4 (c) For purposes of this chapter, the employees of an
5 exempt qualified nonprofit community organization who take a
6 residential loan application or offer or negotiate terms of a
7 residential mortgage loan without receiving or expecting
8 compensation or gain shall not be mortgage loan originators, as
9 defined by this chapter.

10 (d) If this section or any provision of this section
11 conflicts at any time with any federal law, then the federal law
12 shall prevail and this section or the relevant provisions of
13 this section shall become ineffective and invalid. The
14 ineffectiveness or invalidity of this section or any of its
15 provisions shall not affect any other provisions or applications
16 of this chapter, which shall be given effect without the invalid
17 provision or application, and to this end, the provisions of
18 this section are severable."

19 SECTION 2. New statutory material is underscored.

20 SECTION 3. This Act shall take effect on July 1, 2010.

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Report Title:

Mortgage Loan Originators; Nonprofit Organizations; Exemption

Description:

Exempts certain nonprofit organizations from chapter 454F, Hawaii Revised Statutes, relating to mortgage loan originators. Specifies that in a conflict between this Act and federal law, federal law shall prevail. (SD1)

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