

STAND. COM. REP. NO. 433

Honolulu, Hawaii

Feb 19, 2009

RE: H.B. No. 1438  
H.D. 1

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

Sir:

Your Committees on Consumer Protection & Commerce and  
Judiciary, to which was referred H.B. No. 1438 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE LOAN ORIGINATORS,"

beg leave to report as follows:

The purpose of this bill is to protect homebuyers by  
replacing the Mortgage Brokers and Solicitors Law under Chapter  
454, Hawaii Revised Statutes, with a new law regulating mortgage  
loan originators.

The Office of Hawaiian Affairs and Hawaii Bankers Association  
testified in support of this bill. The Legal Aid Society of  
Hawaii supported the intent of this measure. The Department of  
Commerce and Consumer Affairs (DCCA) and Hawaii Financial Services  
Association opposed this bill. State Farm Insurance Companies and  
the Hawaii Association of Mortgage Brokers provided comments.

While this bill is the latest attempt in the last several  
years to reform mortgage broker regulation, there are additional  
considerations this time around. The federal Secure and Fair  
Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) was  
passed in July 2008, establishing a uniform licensing and  
registration system for all mortgage loan originators, including  
mortgage brokers and loan officers. If a state does not implement  
laws consistent with the SAFE Act by federally established  
deadlines, the federal Department of Housing and Urban Development  
will provide the regulatory system.

HB1438 HD1 HSCR CPC-JUD HMS 2009-1996



In light of these circumstances and the prospect of ceding regulatory authority over mortgage brokers to federal control, your Committees continue to carefully consider the merits of this bill.

Accordingly, your Committees have amended this bill by changing its effective date to January 1, 2020, to encourage further discussion. Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1438, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1438, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committees on Consumer  
Protection & Commerce and  
Judiciary,

  
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JON RIKI KARAMATSU, Chair

  
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ROBERT N. HERKES, Chair





