

STAND. COM. REP. NO.

2488

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2254
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2254 entitled:

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

begs leave to report as follows:

The purpose of this measure is to exempt certain nonprofit organizations from chapter 454F, Hawaii Revised Statutes, relating to mortgage loan originators.

Testimony in support of this measure was submitted by the Hawaii Habitat for Humanity Association, Habitat for Humanity West Hawaii, Molokai Habitat for Humanity, and Kauai Habitat for Humanity. The Department of Commerce and Consumer Affairs and the Hawaii Bankers Association submitted testimony in opposition.

Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure has considerable merit, and that the United States Congress is considering related legislation. Your Committee has heard a number of concerns regarding the measure, as drafted, and has taken these into consideration in amending this measure.

As amended, this measure would authorize the Commissioner of Financial Institutions to administer the exemption procedures, including the determination that the nonprofit meets all the requirements to apply for an exemption. In addition, language has



been added to assure regulators that federal law is pre-eminent. Should federal legislation be approved, this measure would ensure a seamless transition in implementation of federal requirements.

Specifically, your Committee has amended this measure by:

- (1) Authorizing a bona fide nonprofit organization to apply to the Commissioner of Financial Institutions for an exemption from licensing as a mortgage loan originator company;
- (2) Establishing specific factors to be considered by the Commissioner in determining if the organization is a bona fide nonprofit organization, including detailed financial information, the public purpose of the organization, the compensation structure and personnel requirements, the types of programs it provides to the public, and whether the organization provides homebuyer information and housing counseling to its clients;
- (3) Clarifying that employees of an exempt qualified nonprofit community organization who take a residential loan application or offer or negotiate terms of a residential mortgage loan without receiving or expecting compensation shall not be mortgage loan originators; and
- (4) Clarifying that in the event of conflict, federal law shall prevail, and the ineffectiveness or invalidity of the provisions in this measure shall not affect any other provisions or applications of chapter 454F, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2254, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2254, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

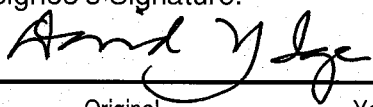


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 2254	Committee Referral: CPN	Date: 2/24/2010		
<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)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
GREEN, M.D., Josh	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
TOTAL	5	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes