

Honolulu, Hawaii

March 19, 2010

RE: S.B. No. 2603
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred S.B. No. 2603, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE SECURE AND FAIR
ENFORCEMENT FOR MORTGAGE LICENSING ACT,"

beg leave to report as follows:

The purpose of this bill is to facilitate the effective
regulation of mortgage loan originators under the Secure and Fair
Enforcement for Mortgage Licensing Act (SAFE Act), Chapter 454F,
Hawaii Revised Statutes (HRS), by:

- (1) Making amendments to the application, licensing, and
regulatory requirements of the SAFE Act;
- (2) Establishing the Mortgage Loan Recovery Fund to protect
consumers harmed by violations of the SAFE Act;
- (3) Including mortgage loan originator companies under the
regulation of the SAFE Act; and
- (4) Appropriating funds for the hiring of staff within the
Department of Consumer Affairs' (DCCA) Division of
Financial Institutions to effectuate the purposes of the
SAFE Act.



DCCA and the Hawaii Association of Mortgage Brokers testified in support of this bill. The Hawaii Financial Services Association supported the intent of this measure.

Act 32, Special Session laws of Hawaii 2009, established the SAFE Act, which takes effect on July 1, 2010, and provides a new regulatory framework for the licensing of residential mortgage professionals that brings Hawaii into compliance with federal requirements set forth in the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008. Your Committees find that this bill furthers the efforts of Act 32 by providing a smooth transfer from the regulation of residential mortgage professionals under Chapter 454, HRS, to the new system under the SAFE Act, including the provision of human resources to handle the initial administrative challenges of processing applications for new licenses and to continuously administer the requirements of the SAFE Act.

Your Committees have amended this bill by:

- (1) Blanking out the amounts for licensing fees under the SAFE Act, for further consideration by the Committee on Finance; and
- (2) Authorizing, rather than requiring, the Director of DCCA to execute agreements with the Director of Human Resources Development and the Director of Taxation for the temporary exchange of employees to assist DCCA's Division of Financial Institutions in the timely processing of applications for licensure under the SAFE Act.

Technical, nonsubstantive amendments were also made for clarity and style.

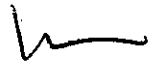
As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2603, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2603, S.D. 2, 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,



JOE RIKI KARAMATSU, Chair



ROBERT N. HERKES, Chair



