

Honolulu, Hawaii

March 17, 2010

RE: S.B. No. 2921
S.D. 1
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 Committee on Consumer Protection & Commerce, to which
was referred S.B. No. 2921, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES,"

begs leave to report as follows:

The purpose of this bill is to increase consumer protections
and help ensure consistency for all entities performing escrow
services relating to Hawaii real property by requiring the entity
operating as an escrow depository for property located in the
state to be licensed by the Commissioner of Financial
Institutions.

Title Guaranty Escrow Services, Inc., supported this bill
with amendments. The Department of Commerce and Consumer Affairs
opposed this measure.

Escrow transactions involve large sums of money and the
handling of documents affecting title to real property. Since
escrow companies have fiduciary responsibilities toward the
parties involved in these transactions, there are certain laws and
regulations in place meant to protect these parties. Escrow
transactions concerning Hawaii real property, therefore, should be
handled by escrow depositories licensed in the state and subject
to state regulations. Current statutes, however, do not apply to
those escrow depositories that are located out-of-state. Your
Committee finds that this bill will help remedy this situation by



providing consistent regulation for all real property within the state regardless of the location of escrow depositories.

Upon further consideration, your Committee has amended this measure by:

- (1) Restoring language that prohibits the transaction of business under any name, title, or descriptive term containing the words "escrow", "escrow depository", or any word or phrase having the same or similar meaning by any person not licensed or exempt under state escrow depository regulations; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2921, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2921, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

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



ROBERT N. HERKES, Chair



