
A BILL FOR AN ACT

RELATING TO MORTGAGE LENDERS.

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

1 SECTION 1. Section 454M-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[+]~~§454M-3~~[+]~~ **Exemptions.** This chapter shall not apply
4 to the following:

- 5 (1) Any persons chartered or authorized under the laws of
6 any state or federal law to engage in the activity of
7 an insured depository institution as defined in Title
8 12 United States Code [~~section~~] Section 1813(c)(2),
9 including banks or savings associations, and operating
10 subsidiaries of an insured depository institution;
- 11 (2) Trust companies, credit unions, insurance companies,
12 and financial service loan companies licensed by the
13 State;
- 14 (3) The Federal Deposit Insurance Corporation, in
15 connection with assets acquired, assigned, sold, or
16 transferred pursuant to section 13(c) of the Federal
17 Deposit Insurance Act or as receiver or conservator of
18 an insured depository institution;



1 (4) The Federal National Mortgage Association; the Federal
2 Home Loan Mortgage Corporation; the Federal Deposit
3 Insurance Corporation; the United States Department of
4 Housing and Urban Development, and the Government
5 National Mortgage Association and the Federal Housing
6 Administration, and cases in which a mortgage insured
7 under the National Housing Act, 12 United States Code
8 [~~section~~] Section 1701 et seq., is assigned to the
9 United States Department of Housing and Urban
10 Development; the National Credit Union Administration;
11 the Farmers Home Administration or its successor
12 agency under Public Law 103-354; and the Department of
13 Veterans Affairs, in any case in which the assignment,
14 sale, or transfer of the servicing of the mortgage
15 loan is preceded by termination of the contract for
16 servicing the loan for cause, commencement of
17 proceedings for bankruptcy of the servicer, or
18 commencement of proceedings by the Federal Deposit
19 Insurance Corporation for conservatorship or
20 receivership of the mortgage servicer or an entity by
21 which the mortgage servicer is owned or controlled;
22 [and]



1 (5) Any person making or acquiring contemporaneously no
2 more than five residential mortgage loans with that
3 person's own funds for that person's own
4 investment [-]; and

5 (6) A mortgage loan originator company licensed pursuant
6 to chapter 454F."

7 SECTION 2. Section 454M-4, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "[+]§454M-4[+] License; fees; renewals[-]; voluntary
10 surrender of license. (a) An applicant for licensure shall
11 file an application on a form prescribed by the commissioner and
12 shall pay an application fee of \$500. Each license shall expire
13 on June 30 of each calendar year. A license may be renewed by
14 filing a renewal statement on a form prescribed by the
15 commissioner and paying a renewal fee of \$250, on or before
16 July 1 for licensure for the following year.

17 (b) The applicant shall submit any other information that
18 the commissioner may require, including:

- 19 (1) The applicant's form and place of organization;
20 (2) The applicant's tax identification number; and
21 (3) The applicant's proposed method of doing business.



1 The applicant shall disclose whether the applicant or any
2 of its officers, directors, employees, managers, agents,
3 partners, or members [~~has~~] have ever been issued or been the
4 subject of an injunction or administrative order pertaining to
5 any aspect of the lending business, [~~has~~] have ever been
6 convicted of a misdemeanor involving the lending industry or any
7 aspect of the lending business, or [~~has~~] have ever been
8 convicted of any felony.

9 (c) A mortgage servicer licensed under this chapter may
10 voluntarily cease business and surrender its license by giving
11 written notice to the commissioner of its intent to surrender
12 its mortgage servicer license. Written notice required by this
13 subsection shall be given to the commissioner no fewer than
14 thirty days before the surrender of the license and shall
15 include:

16 (1) The name, address, telephone number, facsimile number,
17 and electronic address of a contact individual with
18 the knowledge and authority required to communicate
19 with the commissioner regarding all matters relating
20 to the licensee during the period that it was licensed
21 pursuant to this chapter;

22 (2) A statement of the reason or reasons for surrender;



1 (3) The original license issued to the mortgage servicer
2 pursuant to this chapter; and

3 (4) If applicable, a copy of all notices to affected
4 borrowers required by the Real Estate Settlement
5 Procedures Act, Title 12 United States Code Section
6 2601 et seq., or by regulations adopted pursuant to
7 the Real Estate Settlement Procedures Act, of the
8 assignment, sale, or transfer of the servicing of all
9 relevant loans that the licensee is currently
10 servicing under the license being surrendered.

11 Voluntary surrender of a license shall be effective upon
12 receipt by the commissioner of the written notice required by
13 this subsection; provided that if a mortgage servicer is
14 required to assign, sell, or transfer the servicing of any
15 loans, the voluntary surrender of the mortgage servicer's
16 license shall be effective upon the effective date of the
17 assignment, sale, or transfer of the servicing of all loans."

18 SECTION 3. Section 454M-5, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) A mortgage servicer licensed or acting under this
21 chapter, in addition to duties imposed by law, shall:



- 1 (1) Safeguard and account for any money handled for the
2 borrower;
- 3 (2) Act with reasonable skill, care, timeliness,
4 promptness, and diligence;
- 5 (3) Disclose to the commissioner in the application and
6 yearly renewal a complete, current schedule of the
7 ranges of costs and fees it charges borrowers for its
8 servicing-related activities; and
- 9 (4) File with the commissioner upon request a report in a
10 form and format acceptable to the ~~[director]~~
11 commissioner detailing the mortgage servicer's
12 activities in this State, including:
- 13 (A) The number of mortgage loans the mortgage
14 servicer is servicing;
- 15 (B) The type and characteristics of ~~[such]~~ loans
16 serviced in this State;
- 17 (C) The number of serviced loans in default, along
18 with a breakdown of thirty-, sixty-, and ninety-
19 day delinquencies;
- 20 (D) Information on loss mitigation activities,
21 including details on workout arrangements
22 undertaken;



1 (E) Information on foreclosures commenced in this
2 State; and

3 (F) Any other information that the commissioner may
4 require."

5 SECTION 4. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 5. This Act shall take effect upon its approval.
8



Report Title:

Mortgage Servicers; Commissioner of Financial Institutions

Description:

Exempts mortgage services licensed as mortgage loan originators pursuant to chapter 454F from additional licensure under chapter 454M; provides for voluntary surrender of a license through notice to the commissioner and compliance with applicable federal law; corrects an internal reference. (SD1)

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