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Honolulu, Hawaii

APR 28 2011 , 2011

RE: S.B. No. 1519  
S.D. 3  
H.D. 2  
C.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1519, S.D. 3, H.D. 2, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose and intent of this bill is to update provisions of the Secure and Fair Enforcement for Mortgage Licensing Act relating to mortgage loan originators in order to meet additional regulatory objectives of the Act.

Hawaii's Secure and Fair Enforcement for Mortgage Licensing Act, chapter 454F, Hawaii Revised Statutes, was originally enacted in 2009 pursuant to the requirements of federal law. The regulatory system established by the federal law, with which Hawaii is obligated to comply, is still in the process of becoming fully developed as its component parts are implemented nationwide. As Hawaii's regulatory agencies have begun implementing the



requirements of the state and federal laws on the state level, they have identified opportunities for increasing administrative efficiency and making the law more responsive to real world regulatory concerns.

Adoption of this bill will make the process of licensing mortgage loan originators more efficient and will bring Hawaii's law into compliance with federal requirements. Your Committee notes that this bill is the result of productive collaboration among stakeholders including consumers, mortgage professionals, and regulatory bodies.

Your Committee has amended this bill by:

- (1) Clarifying that, in conformity with federal law, the prohibition on originating a residential mortgage loan based primarily on the market value of collateral rather than on the borrower's ability to repay the loan according to its terms does not apply to reverse mortgages;
- (2) Specifying that a licensee shall not advertise terms of a residential mortgage loan in violation of federal law; and
- (3) Inserting an effective date of upon approval.

The Secure and Fair Enforcement for Mortgage Licensing Act applies only to residential mortgage loans. Therefore, your Committee notes that the provisions of this bill amending the Safe and Fair Enforcement for Mortgage Licensing Act apply only to actions taken in connection with residential mortgage loans and not to any other types of financial transactions, including bridge loans. This bill is not intended to prohibit legitimate residential mortgage loan origination activities provided to consumers.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1519, S.D. 3, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1519, S.D. 3, H.D. 2, C.D. 1.



Respectfully submitted on behalf  
of the managers:


ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

  
\_\_\_\_\_  
ROBERT N. HERKES, Co-Chair

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair

  
\_\_\_\_\_  
GILBERT KEITH-AGARAN, Co-Chair

  
\_\_\_\_\_  
WILL ESPERO, Co-Chair

  
\_\_\_\_\_  
PONO CHONG, Co-Chair



Hawaii State Legislature

CCR 13

Record of Votes of a  
Conference Committee

Bill / Concurrent Resolution No.: <b>SB 1519, SD 3, HD 2</b>	Date/Time: <i>April 28, 2011 10:40 AM</i>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.


Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				HERKES, Robert N., Co-Chr.	✓			
ESPERO, Will, Co-Chr.	✓				KEITH-AGARAN, Gilbert S.C., Co-Chr.	✓			
TANIGUCHI, Brian T.	✓				CHONG, Pono, Co-Chr.	✓			
					CABANILLA, Rida T.R.				✓
					EVANS, Cindy	✓			
					MARUMOTO, Barbara C.	✓			
<b>TOTAL</b>	3	-	-	-	<b>TOTAL</b>	5	-	-	1

A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is:  
 Adopted       Not Adopted

House Recommendation is:  
 Adopted       Not Adopted

Senate Lead Chair's or Designee's Signature:  


House Lead Chair's or Designee's Signature:  


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