
A BILL FOR AN ACT

RELATING TO MORTGAGE SERVICERS.

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

1 SECTION 1. Chapter 454M, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§454M- Registration with Nationwide Mortgage Licensing
5 System and Registry. The commissioner may require all mortgage
6 servicers to register with the Nationwide Mortgage Licensing
7 System and Registry."

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

10 "**§454M-2 License required.** (a) No person except those
11 exempted under this chapter shall engage in the business of
12 mortgage servicing without a license as provided in this
13 chapter.

14 (b) No person shall engage in the business of mortgage
15 servicing in this State unless the person providing services has
16 a physical presence in the State pursuant to section 454M-
17 5(a)(5).



1 (c) No person licensed as a mortgage servicer shall
2 provide mortgage loan modification services or other services
3 that require licensure under chapter 454F without first
4 complying with the licensure requirements for mortgage loan
5 originators under chapter 454F."

6 SECTION 3. Section 454M-4, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§454M-4 License; fees; renewals; voluntary surrender of**
9 **license.** (a) An applicant for licensure shall file an
10 application on a form prescribed by the Nationwide Mortgage
11 Licensing System and Registry or by the commissioner and shall
12 pay an application fee of \$500. Each license shall expire on
13 June 30 of each calendar year. A license may be renewed by
14 filing a renewal statement on a form prescribed by the
15 Nationwide Mortgage Licensing System and Registry or by the
16 commissioner and paying a renewal fee of \$250, on or before July
17 1 for licensure for the following year.

18 (b) To fulfill the purposes of this chapter, the
19 commissioner may establish relationships or contracts with the
20 Nationwide Mortgage Licensing System and Registry or other
21 entities designated by the Nationwide Mortgage Licensing System
22 and Registry to collect and maintain records and process



1 transaction fees or other fees related to licensees or other
2 persons subject to this chapter.

3 (c) The commissioner may use the Nationwide Mortgage
4 Licensing System and Registry as an agent for:

5 (1) Requesting information from and distributing
6 information to the United States Department of Justice
7 or any governmental agency; and

8 (2) Requesting and distributing information to and from
9 any source directed by the commissioner.

10 [~~b~~] (d) The applicant shall submit any other information
11 that the commissioner may require, including the applicant's:

12 (1) Form and place of organization;

13 (2) Tax identification number; and

14 (3) Proposed method of doing business.

15 The applicant shall disclose whether the applicant or any
16 of its officers, directors, employees, managers, agents,
17 partners, or members have ever been issued or been the subject
18 of an injunction or administrative order pertaining to any
19 aspect of the lending business, have ever been convicted of a
20 misdemeanor involving the lending industry or any aspect of the
21 lending business, or have ever been convicted of any felony.



1 [~~e~~] (e) A mortgage servicer licensed under this chapter
2 may voluntarily cease business and surrender its license by
3 giving written notice to the commissioner of its intent to
4 surrender its mortgage servicer license. Notice pursuant to
5 this subsection shall be given at least thirty days before the
6 surrender of the license and shall include:

- 7 (1) The date of surrender;
- 8 (2) The name, address, telephone number, facsimile number,
9 and electronic address of a contact individual with
10 knowledge and authority sufficient to communicate with
11 the commissioner regarding all matters relating to the
12 licensee during the period that it was licensed
13 pursuant to this chapter;
- 14 (3) The reason or reasons for surrender;
- 15 (4) The original license issued pursuant to this chapter
16 to the mortgage servicer; and
- 17 (5) If applicable, a copy of all notices to affected
18 borrowers required by the Real Estate Settlement
19 Procedures Act, Title 12 United States Code Section
20 2601 et seq., or by regulations adopted pursuant to
21 the Real Estate Settlement Procedures Act, of the
22 assignment, sale, or transfer of the servicing of all



1 relevant loans that the licensee is currently
2 servicing under the license being surrendered.

3 Voluntary surrender of a license shall be effective upon
4 the date of surrender specified on the written notice to the
5 commissioner as required by this subsection; provided that if a
6 mortgage servicer is required to assign, sell, or transfer the
7 servicing of any loans, the voluntary surrender of the mortgage
8 servicer's license shall be effective upon the effective date of
9 the assignment, sale, or transfer of the servicing of all
10 loans."

11 SECTION 4. Section 454M-6, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "[~~+~~]**\$454M-6**[~~+~~] **Prohibited activities.** (a) It shall be
14 unlawful for any mortgage servicer in the course of any mortgage
15 loan transaction:

16 (1) To misrepresent or conceal material facts, to make
17 false promises, or to pursue a course of
18 misrepresentation through its agents or otherwise;

19 (2) To engage in any transaction, practice, or course of
20 business that is not in good faith, does not
21 constitute fair dealing, or that constitutes a fraud



- 1 upon any person, in connection with the servicing,
2 purchase, or sale of any mortgage loan;
- 3 (3) To fail to comply with the mortgage loan servicing
4 transfer, escrow account administration, or borrower
5 inquiry response requirements imposed by sections 6
6 and 10 of the Real Estate Settlement Procedures Act,
7 Title 12 United States Code sections 2605 and 2609,
8 and regulations adopted thereunder by the Secretary of
9 Housing and Urban Development; or
- 10 (4) To fail to comply with applicable federal laws and
11 regulations related to mortgage servicing.

12 (b) It shall be unlawful for any mortgage servicer to
13 provide any mortgage loan modifications or other services that
14 would require licensure pursuant to chapter 454F, unless the
15 mortgage servicer is licensed under chapter 454F."

16 SECTION 5. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 6. This Act shall take effect on January 1, 3000.



Report Title:

Mortgage Servicers; Mortgage Loan Modifications

Description:

Requires every mortgage servicer who provides loan modification services that require licensure as a mortgage loan originator to be licensed as a mortgage loan originator in addition to being licensed as a mortgage servicer. Effective January 1, 3000.
(HB2502 HD2)

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