

STAND. COM. REP. NO.

2855

Honolulu, Hawaii

MAR 20 2012

RE: H.B. No. 2375
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and
Judiciary and Labor, to which was referred H.B. No. 2375 entitled:

"A BILL FOR AN ACT RELATING TO THE MORTGAGE RESCUE FRAUD
PREVENTION ACT,"

beg leave to report as follows:

The purpose and intent of this measure is to provide
additional protections for Hawaii consumers from persons who prey
on homeowners who face property foreclosures, liens, or
encumbrances by:

- (1) Establishing the mortgage rescue fraud prevention
special fund; and
- (2) Imposing criminal penalties and a mandatory fine for
certain violations of the Mortgage Rescue Fraud
Prevention Act.

Your Committees received testimony in support of this measure
from the Office of Consumer Protection of the Department of
Commerce and Consumer Affairs, Hawaii Financial Services
Association, Hawaii Credit Union League, and Hawaii Association of
REALTORS. Your Committees received comments on this measure from
the Department of Budget and Finance.

Your Committees find that the Mortgage Rescue Fraud
Prevention Act was designed to protect Hawaii consumers from
persons who prey on homeowners faced with property foreclosures,



liens, or encumbrances. Homeowners who are delinquent on their mortgage loans are vulnerable in desperate financial circumstances and may be victimized by unscrupulous persons purporting to be mortgage foreclosure rescuers. Many of the services promised by unscrupulous mortgage foreclosure rescuers are available for free by housing counselors in Hawaii who have been approved by the federal Department of Housing and Urban Development.

Your Committees further find that the criminal penalties and mandatory fine proposed by this measure will enhance the level of protection provided to this category of consumers, and will ensure that persons holding themselves out as mortgage foreclosure rescuers are held accountable for their actions.

Your Committees have heard the concern that the special fund established by this measure may not be self-sustaining. Your Committees conclude it would be more appropriate for fines collected for violations of certain provisions of chapter 480E, Hawaii Revised Statutes, to be deposited into the existing compliance resolution fund.

Your Committees have amended this measure by:

- (1) Deleting the section that would have established the mortgage rescue fraud prevention special fund;
- (2) Requiring fines for violations of certain provisions of the Mortgage Rescue Fraud Prevention Act to be deposited into the compliance resolution fund, established pursuant to section 26-9(o), Hawaii Revised Statutes;
- (3) Requiring the Office of Consumer Protection to educate consumers about fraudulent activities that may be committed against homeowners who face property foreclosures, liens, or encumbrances, as appropriate; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2375, as amended herein, and recommend that it pass Second Reading in the form

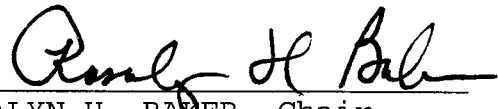


attached hereto as H.B. No. 2375, S.D. 1, and be referred to the
Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and
Judiciary and Labor,



CLAYTON HEE, Chair

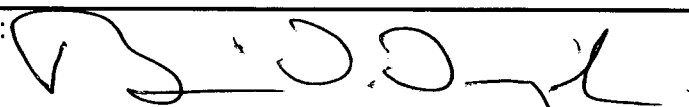


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* HB 2375	Committee Referral: CPN/JDL, WAM	Date: 3-13-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.				✓
SOLOMON, Malama				✓
SLOM, Sam	✓			
TOTAL	5	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* HB 2375	Committee Referral: CPN / JDL, WAM	Date: 3/13/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike				✓
IHARA, Jr., Les				✓
SLOM, Sam	✓			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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