

STAND. COM. REP. NO.

2849

Honolulu, Hawaii

MAR 20 2012

RE: H.B. No. 2501  
H.D. 1  
S.D. 1

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

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2501, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend the Secure and Fair Enforcement for Mortgage Licensing Act, chapter 454F, Hawaii Revised Statutes, to reflect recent changes in federal law and adjust fees in consideration of new regulatory requirements.

Your Committee received testimony in support of this measure from the Division of Financial Institutions of the Department of Commerce and Consumer Affairs and Hawaii Association of Mortgage Brokers. Your Committee received testimony in opposition to this measure from the Hawaii Credit Union League.

Your Committee finds that this measure adds fees for newly established regulatory services and adjusts fees for initial application and annual license renewals for mortgage loan originators, mortgage loan originator companies, and exempt sponsoring mortgage loan originator companies. The fee structure for mortgage loan originator initial application and license renewal is the result of a compromise between the Division of Financial Institutions and interested parties affected by chapter 454F, Hawaii Revised Statutes.



The Division of Financial Institutions testified that the provisions in this measure that increase the mortgage loan originator initial application and license renewal fees will generate approximately \$66,000.

Your Committee notes that there has been ongoing discussion about the effects this measure may have on sole proprietors who are licensed as a mortgage loan originator company and a mortgage loan originator. Small mortgage loan originating companies in the State may be comprised of sole owners who must pay renewal fees for themselves and their company. This measure establishes a one-time application fee for mortgage loan originators who are sole proprietors and exempts these individuals from annual license renewal fees. However, according to the Division of Financial Institutions, the Nationwide Mortgage Licensing System collects fees for each state based on set parameters for mortgage loan originators, mortgage loan originator companies, branches, and exempt mortgage loan originating companies. The Division indicated that while the Nationwide Mortgage Licensing System is not able to easily program special fees for states to charge for specialized licensees, such as sole proprietors, a fee adjustment could be possible if sole proprietors paid all required fees through the Nationwide Mortgage Licensing System then requested the State to reimburse any fees the Division chose to waive.

If sole proprietors are reimbursed for the cost of the mortgage loan originator initial application and annual license renewal fees, the Division estimates a projected total loss of revenue of \$23,000. Taking into account all adjustments, including reimbursement of fees for sole proprietors, the Division estimates \$43,000 of projected net additional revenue to be collected with the new fee structure.

Your Committee has amended this measure by:

- (1) Requiring the Division of Financial Institutions to reimburse every mortgage loan originator company that consists of a non-exempt single individual who is engaged in the business of a mortgage loan originator as a sole proprietorship for fees paid for the mortgage loan originator initial application and annual license renewal fees;
- (2) Deleting language that would have established a one-time application fee for mortgage loan originators who are

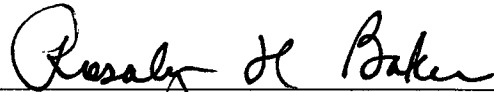


sole proprietorships and would have exempted these individuals from annual license renewal fees; and

- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2501, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2501, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

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

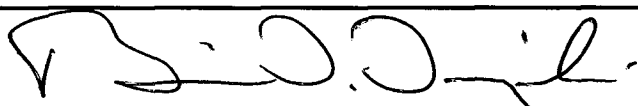


ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>HB 2501 HDI</b>	Committee Referral: <b>CPN, WAM</b>	Date: <b>3-13-12</b>		
<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			✓	
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes