

STAND. COM. REP. NO. 3252

Honolulu, Hawaii

APR 05 2012

RE: H.B. No. 2502  
H.D. 2  
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2502, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE SERVICERS,"

begs leave to report as follows:

The purpose and intent of this measure is to enhance the regulation of mortgage servicers by:

- (1) Requiring mortgage servicers to be licensed as mortgage loan originators when providing mortgage loan modifications or other services that require such licensing; and
- (2) Authorizing the Commissioner of Financial Institutions to require mortgage servicers to register with the Nationwide Mortgage Licensing System and empowering the Commissioner to increase Hawaii's participation in the Nationwide Mortgage Licensing System.

This measure also eliminates the minimum amount of administrative fines for violations of the mortgage servicers law and clarifies the portion of these fines to be deposited into the mortgage foreclosure dispute resolution special fund.

Your Committee finds that mortgage servicers sometimes perform mortgage loan modification services that could be considered to be mortgage loan originator activities, such as

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taking a residential mortgage loan application or offering or negotiating the terms of a residential mortgage loan. This measure clarifies that any licensed mortgage servicer providing such services must also be licensed as a mortgage loan originator.

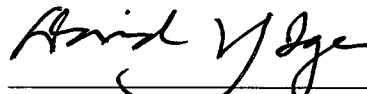
In addition, there has been national discussion about the possibility that mortgage servicers may be required to register with the Nationwide Mortgage Licensing System. If that occurs, this measure provides the Commissioner of Financial Institutions with the ability to work with the Nationwide Mortgage Licensing System and establish a program similar to the recently established program for mortgage loan originators and mortgage loan originator companies.

Your Committee has amended this measure by:

- (1) Clarifying the prohibition on mortgage servicers providing mortgage loan modification or other services that would require licensing under chapter 454F, Hawaii Revised Statutes, without being so licensed; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2502, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2502, H.D. 2, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



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DAVID Y. IGE, Chair



