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PRESENTATION OF THE
DIVISION OF FINANCIAL INSTITUTIONS

TO THE
HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY

THE TWENTY-SIXTH STATE LEGISLATURE
REGULAR SESSION OF 2011

Wednesday, March 16, 2011
2:00 p.m.

TESTIMONY ON S.B. NO. 1178, S.D.1 RELATING TO MORTGAGE LENDERS

THE HONORABLE ROBERT N. HERKES, CHAIR,
THE HONORABLE GILBERT S.C. KEITH-AGARAN, CHAIR
AND MEMBERS OF THE COMMITTEES:

My name is Iris Ikeda Catalani, Commissioner of Financial Institutions ("Commissioner") testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department strongly supports Senate Bill No. 1178, S.D.1.

The Senate Committee on Commerce and Consumer Protection has amended this measure in response to changes requested by the Division of Financial Institutions ("Division"). Those changes, which we view as essentially housekeeping in nature,

should nevertheless serve to streamline and simplify certain regulatory requirements for many of the Division's licensees in the mortgage industry. In particular, Hawaii-licensed mortgage loan originator companies that also wish to engage in mortgage servicing activity will no longer need to be separately licensed under the Mortgage Servicers law, Chapter 454M, Hawaii Revised Statutes ("HRS"), since the Division is already in a position to fully supervise all of their mortgage-related activity under their existing license issued pursuant to Chapter 454F, HRS. This eliminates both additional licensing costs and burdensome regulatory filings for these Hawaii companies and is likely to be welcomed by them for both reasons.

In addition, clear and simple directions are now added to the statute to provide for the orderly voluntary surrender of a Hawaii mortgage servicer's license while ensuring that Hawaii consumers will be protected from a chronic problem in this industry, namely the practice of some mortgage servicers who have often evaded regulatory accountability and left outstanding obligations to consumers unfulfilled upon their abrupt cessation of business and/or withdrawal from a state.

With these desirable new amendments in place, the Department fully supports this measure in its present form.

Thank you for the opportunity to testify. I would be pleased to respond to any questions you may have.



Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

March 16, 2011

The Honorable Robert Herkes, Chair and
Members of the House Committee on
Consumer Protection and Commerce
State Capitol, Room 325
Honolulu, Hawaii 96813

The Honorable Gilbert Keith-Agaran, Chair and
Members of the House Committee on Judiciary
State Capitol, Room 325
Honolulu, Hawaii 96813

Re: Senate Bill 1178, SD 1 Relating to Mortgage Lenders

Chair Herkes, Chair Keith-Agaran, Members of the House Committee on Consumer Protection and Commerce and Members of the House Committee on Judiciary:

I am Rick Tsujimura representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of real estate lenders in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, and other financial institutions. The members of the MBAH originate the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation, it is related only to mortgage lending.

The MBAH SUPPORTS Senate Bill 1178, SD 1 Relating to Mortgage Lenders as it clearly defines when a mortgage loan originator is exempt and under what process a mortgage servicer can give up its license. Unlicensed and unregulated servicers will be prohibited from operating within the State of Hawaii further protecting its homeowners from further abuse.

Thank you for the opportunity to present this testimony.