

Honolulu, Hawaii

February 27, 2014

RE: H.B. No. 2267

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2267 entitled:

"A BILL FOR AN ACT RELATING TO SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT,"

begs leave to report as follows:

The purpose of this measure is to amend the Secure and Fair Enforcement for Mortgage Licensing Act by making housekeeping amendments to clarify inconsistencies and, among other things, by:

- (1) Amending the types of individuals required to be licensed as a mortgage loan originator;
- (2) Including in the minimum standards for license renewal that a mortgage servicer company must be registered to do business in this State and be in good standing;
- (3) Specifying that denying the Insurance Commissioner or authorized representative access to any office, record, or file may be considered a violation of the Secure and Fair Enforcement for Mortgage Licensing Act; and
- (4) Repealing the language that requires the Insurance Division to reimburse sole proprietors for the fees paid for the State mortgage loan originator's initial application and annual license renewal fees.



The Department of Commerce and Consumer Affairs testified in support of this measure. The Hawaii Financial Services Association testified in opposition to this measure. The Hawaii Association of Mortgage Professionals provided comments on this measure.

Your Committee has amended this measure by:

- (1) Amending the definition of "offers or negotiates terms of a residential mortgage loan";
- (2) Changing sole proprietor to sole proprietorship throughout the Secure and Fair Enforcement for Mortgage Licensing Act and adding the relevant definition;
- (3) Deleting the license renewal requirement that a mortgage loan originator company and mortgage servicer be in good standing with the business registration division;
- (4) Requiring mortgage home originator companies to post their regular business hours in a conspicuous place at the location;
- (5) Allowing mortgage home originator companies to post language that specifies that members of the public are seen by appointment during regular business hours;
- (6) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (7) 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 Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2267, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2267, H.D. 1, and be placed on the calendar for Third Reading.



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



ANGUS L.K. MCKELVEY, Chair



