

STAND. COM. REP. NO. **2854**

Honolulu, Hawaii

MAR 13 2014

RE: H.B. No. 2275

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2275 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend Hawaii's Mortgage Rescue Fraud Prevention Act by:

- (1) Clarifying the definition of "distressed property consultant"; and
- (2) Specifying that only attorneys licensed to practice law in the State of Hawaii are exempt from the definition of "distressed property consultant".

Your Committee received testimony in support of this measure from the Office of Consumer Protection of the Department of Commerce and Consumer Affairs and Hawaii Credit Union League.

Your Committee finds that mortgage rescue schemes continue to plague distressed property owners in Hawaii. The amendments in this measure pertaining to the definition of "distressed property consultant" will therefore assist the Office of Consumer Protection's enforcement of the Mortgage Rescue Fraud Prevention Act, codified as chapter 480E, Hawaii Revised Statutes, against all persons involved in a mortgage rescue scheme.

Your Committee further finds that persons who have provided services to distressed property owners have attempted to evade



compliance with chapter 480E, Hawaii Revised Statutes, by claiming they are not distressed property consultants or that they fall under the chapter's attorney exemption because they are, or performed services in connection with, out-of-state attorneys. This measure makes it clear that only attorneys licensed to practice law in the State of Hawaii fall under the attorney exemption in chapter 480E, Hawaii Revised Statutes, ensures compliance with federal regulations, and ensures that all attorneys performing distressed property consulting in the State are subject to the Hawaii Rules of Professional Conduct and the jurisdiction of Hawaii's Office of Disciplinary Counsel.

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. 2275, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

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

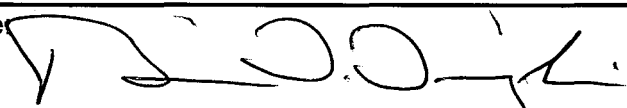


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2276	CPN, JDL	3-11-14		
<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 checked="" type="checkbox"/> Pass, unamended 2312	<input 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)	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	4	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes