

Honolulu, Hawaii
March 22, 2013

RE: S.B. No. 1069
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 1069, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to enhance the regulation of licensees under the Secure and Fair Enforcement for Mortgage Licensing Act, Chapter 454F, Hawaii Revised Statutes (HRS).

The measure, among other things, amends chapter 454F, HRS, by:

- (1) Clarifying the licensure requirements for mortgage loan originators, mortgage loan originator companies, mortgage servicer companies conducting mortgage loan origination activities, and other licensees;
- (2) Adjusting fees for mortgage loan origination licensees; and
- (3) Establishing fees for mortgage servicer companies that conduct mortgage loan origination activities.

The Department of Commerce and Consumer Affairs provided testimony in support of this measure. The Hawaii Association of Mortgage Brokers provided comments on this measure.



Your Committee has amended this measure by:

- (1) Deleting language that would have required a sole proprietor mortgage loan originator to pay annual license renewal fees, reinstatement fees, late fees, and criminal background check fees to obtain and maintain a valid sole proprietor mortgage loan originator license;
- (2) Clarifying that the mortgage loan originator company processing fee for each control person is \$35 and the fee shall not apply to a person who is a control person as of July 1, 2013, unless that person becomes a control person of another mortgage loan originator company;
- (3) Deleting language that requires a mortgage servicer company to pay an initial application fee of \$900 to maintain a valid mortgage loan originator company license;
- (4) Changing its effective date to July 1, 2012, for the purpose of facilitating further discussion; and
- (5) Making technical, nonsubstantive amendments for the purpose 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 S.B. No. 1069, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1069, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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



ANGUS L.K. MCKELVEY, Chair



