

STAND. COM. REP. NO.

1167

Honolulu, Hawaii

March 22, 2013

RE: S.B. No. 1070  
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. 1070, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to create greater consumer  
protections, update fees, and clarify provisions in the mortgage  
service industry by:

- (1) Authorizing the Commissioner of Financial Institutions  
(Commissioner) to investigate mortgage servicer  
violations and examine the books, accounts, records,  
files, and other information of mortgage servicer  
licensees or those performing the function of mortgage  
servicers under Hawaii laws governing mortgage  
servicers;
- (2) Adjusting fees charged for mortgage servicer  
applications and renewals; and
- (3) Amending references to the "Nationwide Mortgage  
Licensing System" to read "NMLS" and creating a new  
definition for "NMLS" for the purposes of clarity and  
style.

SB1070 HD1 HSCR CPC HMS 2013-2918



The Department of Commerce and Consumer Affairs testified in support of this measure.

Your Committee notes that many mortgage servicer licensees operating in the State have agreed to the fees set forth in this measure. Your Committee further notes that the increased fees are directed at out-of-state mortgage servicers, operating mostly online, who may be less subject to the rules and regulations of the State's mortgage servicer industry.

Your Committee has amended this measure by:

- (1) Clarifying that the commissioner may access, receive, and use any relevant evidence, rather than any evidence deemed relevant by the commissioner, in the commissioner's investigation or examination of a mortgage servicer;
- (2) Changing the deadline for renewal application fees, from at least four weeks prior to July 1 to on or before July 1, for licensure as a mortgage servicer for the following year;
- (3) Requiring that the renewal for licensure as a mortgage servicer be subject to the approval of the Nationwide Mortgage Licensing System or the commissioner;
- (4) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for 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. 1070, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1070, 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,



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ANGUS L.K. MCKELVEY, Chair



