

Honolulu, Hawaii

April 3, 2014

RE: S.B. No. 2817  
S.D. 2  
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 S.B. No. 2817, S.D. 2, 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 enhance mortgage loan originator licensing laws.

Generally, the measure:

- (1) Repeals licensing exemptions for individuals handling mortgage loans for immediate family members or their own residence;
- (2) Updates requirements for the principal place of business and branch offices of mortgage loan originator companies;
- (3) Makes the failure to satisfy initial licensing requirements a basis for denying, suspending, revoking, declining to renew, or placing conditions on a license;
- (4) Requires mortgage loan originator companies to be open for business during posted business hours at each location, and authorizes the Commissioner of Financial



Institutions to conduct an examination or investigation of the company during regular business hours; and

- (5) Makes various housekeeping amendments to clarify and update licensing requirements.

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

Your Committee has amended this measure by:

- (1) Requiring mortgage loan originator companies to post their business hours in a clear, conspicuous, and accurate manner to their main office door or website along with their address and phone number under certain circumstances;
- (2) Specifying that the Commissioner of Financial Institutions or the Commissioner's authorized representative shall be able to conduct an examination or investigation of mortgage loan originator companies during regular business hour;
- (3) Changing its effective date to July 1, 2014; and
- (4) 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 S.B. No. 2817, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2817, S.D. 2, 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,



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ANGUS L.K. MCKELVEY, Chair



