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## A BILL FOR AN ACT

RELATING TO THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE  
LICENSING ACT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Act 84, Session Laws  
2 of Hawaii 2010, established the mortgage loan recovery fund to  
3 bring the State into compliance with the federal Secure and Fair  
4 Enforcement for Mortgage Licensing Act of 2008. The mortgage  
5 loan recovery fund, which consists of fees collected from  
6 residential mortgage loan origination licensees, was designed to  
7 protect consumers by making it easier to recover losses caused  
8 by individuals or companies that violate the law governing fair  
9 mortgage practices. Initially, the goal was for the fund to  
10 collect and hold in reserve \$750,000. According to the most  
11 recent report to the legislature, however, there is more than  
12 \$1,100,000 in the fund. Despite the high fund balance, the  
13 commissioner of financial institutions has not adjusted the  
14 mortgage loan recovery fund fees since the fund was established.  
15 The legislature further finds that although the target fund  
16 balance should be raised to \$1,000,000, fees should not be



1 continuously collected for the fund at a rate that would  
2 increase the balance beyond the \$1,000,000 target.

3 The purpose of this Act is to raise the target balance for  
4 the mortgage loan recovery fund and require the commissioner of  
5 financial institutions to:

6 (1) Cease collections of mortgage loan recovery fund fees  
7 from license renewals once the target balance is  
8 reached; and

9 (2) Adjust and recommence collection of the mortgage loan  
10 recovery fund fees from license renewals when the fund  
11 balance falls below a certain threshold.

12 SECTION 2. Section 454F-41, Hawaii Revised Statutes, is  
13 amended by amending subsection (d) to read as follows:

14 "(d) When the mortgage loan recovery fund attains a  
15 funding level of [~~\$750,000,~~] \$1,000,000, the commissioner [~~may,~~  
16 ~~by rule adopted pursuant to chapter 91, adjust~~] shall cease  
17 collection of the fees generated by renewals [~~or may determine~~  
18 ~~that payments made by renewing licensees shall cease.~~] under  
19 subsection (c) until such time as the funding level falls below  
20 \$750,000, whereupon the commissioner shall adjust the fees under  
21 subsection (c) to a reasonable level and recommence collection



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1 thereof for the purpose of attaining a funding level of at least  
2 \$750,000 but no more than \$1,000,000. If the funding level  
3 falls below \$250,000 after the first five years of the  
4 establishment of the fund, the commissioner may adjust the fees  
5 to a reasonable level for the purpose of attaining a funding  
6 level of \$750,000."

7 SECTION 3. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: ~~AW~~ BIR

JAN 27 2015



# H.B. NO. 1098

**Report Title:**

Mortgage Loan Origination Licensees; Mortgage Loan Recovery Fund  
Target Balance and Fee Collection

**Description:**

Raises the target balance for the mortgage loan recovery fund. Requires the commissioner of financial institutions to cease collections of mortgage loan recovery fund fees from license renewals once the target balance is reached, and adjust and recommence collection of the fees when the fund balance falls below a certain threshold.

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