

Honolulu, Hawaii

February 20, 2015

RE: H.B. No. 1017

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1017 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 facilitate seller financing for residential property by restoring mortgage licensing exemptions for individuals who meet certain qualifications.

Specifically, the measure exempts individuals from being subject to the mortgage licensing requirements of Chapter 454F, Hawaii Revised Statutes, if the individual offers or negotiates a residential mortgage loan:

- (1) With or on behalf of an immediate family member; or
- (2) For the individual's own residence, including a vacation home, or for an inherited dwelling, if the individual does not provide seller financing or related services more than three times in a calendar year.

Your Committee received testimony in support of this measure from the Hawaii Association of REALTORS. The Department of Commerce and Consumer Affairs submitted comments.



Your Committee finds that Act 198, Session Laws of Hawaii 2014, repealed the licensing and regulatory exemptions for individuals who offer or negotiate a residential mortgage loan with or on behalf of an immediate family member or for the individual's own residence. In restoring these exemptions, this measure expands the pool of potential buyers of residential real property by providing a financing alternative to traditional mortgage loans.

Your Committee notes that it has received testimony raising concerns that the exemptions restored by this measure would weaken consumer protections, based upon past examples of seller financing arrangements. However, your Committee observes that several other states have adopted similar exemptions without any erosion of consumer protections.

Your Committee has amended this measure by changing the effective date to January 1, 2112, to encourage further discussion on the measure.

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 H.B. No. 1017, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1017, 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



