

Honolulu, Hawaii
February 19, 2016

RE: H.B. No. 2326

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2326 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE RESCUE FRAUD,"

begs leave to report as follows:

The purpose of this measure is amend the State's Mortgage Rescue Fraud Prevention Act.

Specifically, this measure amends Chapter 480E, Hawaii Revised Statutes, to conform to the Federal Trade Commission's Mortgage Assistance Relief Services Rule.

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

Your Committee finds that the State's Mortgage Rescue Fraud Prevention Act, codified as Chapter 480E, Hawaii Revised Statutes, was enacted by Act 137, Session Laws of Hawaii 2008. At the time, the federal government had not yet enacted legislation to specifically protect consumers from mortgage rescue scams. However, in 2010, the Federal Trade Commission adopted its Mortgage Assistance Relief Services Rule, Title 12 Code of Federal Regulations part 1015. Although the State's Mortgage Rescue Fraud Prevention Act and the federal Mortgage Assistance Relief Services Rule have similar purposes, they take distinctly different approaches to protect consumers from abusive mortgage relief practices. Your Committee further finds that this measure amends Chapter 480E, Hawaii Revised Statutes, to resolve conflicts that



exist between the State's Mortgage Rescue Fraud Prevention Act and the federal Mortgage Assistance Relief Services Rule.

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. 2326 and recommends that it pass Second Reading and be referred to your Committee on Finance.

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



ANGUS L.K. MCKELVEY, Chair



