

Honolulu, Hawaii

MAR 21 2016

RE: H.B. No. 2326  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred H.B. No. 2326, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to make numerous amendments to Hawaii's Mortgage Rescue Fraud Prevention Act, for consistency with the federal Mortgage Assistance Relief Services Rule.

Your Committee received testimony in support of this measure from the Office of Consumer Protection of the Department of Commerce and Consumer Affairs.

Your Committee finds that there was no federal counterpart to Hawaii's Mortgage Rescue Fraud Prevention Act, which protects consumers from mortgage rescue scams, until 2010, when the Federal Trade Commission adopted the Mortgage Assistance Relief Services Rule. Your Committee further finds that although the state law and federal regulation are designed to protect consumers from abusive mortgage relief practices, they take different approaches to identify consumers who may be in need of protection. For example, Hawaii's law focuses on properties already in distress, while the federal regulation focuses more broadly on the nature of mortgage assistance rescue services being offered.



Your Committee additionally finds that this measure resolves existing conflicts and inconsistencies between state law and federal regulations and will enable enforcement agencies to provide increased protection for vulnerable Hawaii homeowners who may be targeted by mortgage rescue scams.

Your Committee has amended this measure by:

- (1) Changing its effective date to upon approval; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2326, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2326, H.D. 1, S.D. 1, and be referred to your Committee on Judiciary and Labor.

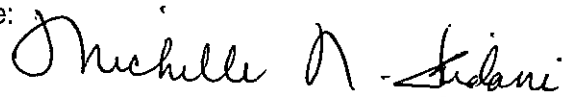
Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Health,

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2326 HD1	CPH, JDL	3-14-16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les				/
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.	/			
SLOM, Sam				/
<b>TOTAL</b>	5			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes