

Honolulu, Hawaii
March 24, 2016

RE: S.B. No. 2850
S.D. 2
H.D. 1

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 S.B. No. 2850, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE INDUSTRY REGULATION,"

begs leave to report as follows:

The purpose of this measure is to clarify the applicable
regulatory scope of the Secure and Fair Enforcement for Mortgage
Licensing Act, chapter 454F, Hawaii Revised Statutes, and the
mortgage servicers law under chapter 454M, Hawaii Revised
Statutes, which regulate the related industries of mortgage loan
origination and mortgage servicing, respectively.

Specifically, this measure:

- (1) Amends statutory definitions and updates provisions
related to controlling federal laws to make the use of
terminology and application of federal requirements
consistent across both chapters; and
- (2) Segregates statutory provisions related to each class of
licensee into the appropriate chapter to avoid confusion
and redundancy in licensing and enforcement requirements
for mortgage servicers and mortgage loan originators
respectively.



The Department of Commerce and Consumer Affairs; Hawaii Habitat for Humanity Association, Habitat for Humanity Maui, Habitat for Humanity Kauai, Habitat for Humanity West Hawaii, and Habitat for Humanity Leeward Oahu, Inc.; ARDA Hawaii; and HHOC Mortgage testified in support of this measure.

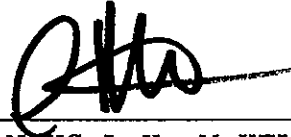
Your Committee has amended this measure by:

- (1) Inserting language that applies the same confidentiality requirements to mortgage loan originators as are already operative for mortgage servicers;
- (2) Specifying that a mortgage servicer licensee shall maintain adequate records of each of its residential mortgage loan transactions for seven years;
- (3) Exempting a person or entity solely involved in extensions of credit relating to timeshare plans from mortgage servicer requirements in the same manner as they are already exempt from mortgage loan originator requirements;
- (4) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for 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. 2850, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2850, S.D. 2, H.D. 1, 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



