

Honolulu, Hawaii

APR 27 2017

RE: S.B. No. 396
S.D. 1
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 396, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SECURITY INTERESTS IN REAL PROPERTY,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to amend the procedure for clearing titles to include reassignments or releases of leases and rents, for which the underlying debt has been fully paid or satisfied.

Your Committee on Conference finds that lenders may secure loans to a borrower through a mortgage and an assignment of the borrower's rights in leases and rents. Once a loan is paid in full and satisfied, the parties to the loan generally record a release of the mortgage but sometimes fail to record a release or reassignment of the security interest in leases and rents. As a result, many of



these recorded assignments of leases and rents remain on the public record and continue to be found in subsequent title searches involving a property, even though these assignments are no longer enforceable.

Your Committee on Conference further finds that title insurers and underwritten title companies are authorized to execute the release of a satisfied mortgage in certain circumstances, such as non-compliance by a mortgagee with a demand to release a satisfied mortgage; however, there is no corresponding mechanism for clearing the public record of the assignments of leases and rents. This measure amends the procedure for clearing titles to include reassignments or releases of leases and rents, which enables title companies to better facilitate the clearing of extraneous security interests on titles to real property from the public record.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the required reassignment or release of the security interest in leases or rents applies to a borrower's interest in leases or rents in the same way that it applies to a mortgagor's interest in leases and rents; and
- (2) Changing its effective date to July 1, 2017.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 396, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 396, S.D. 1, H.D. 1, C.D. 1.



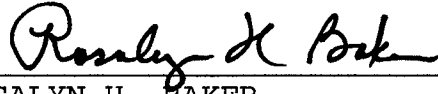
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



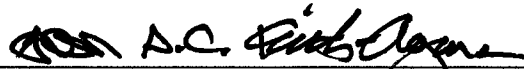
TAKASHI OHNO
Co-Chair



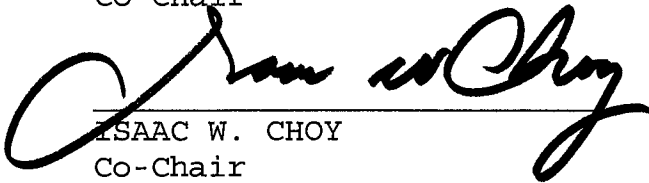
ROSALYN H. BAKER
Chair



ROY M. TAKUMI
Co-Chair



GILBERT S.C. KEITH-AGARAN
Co-Chair



ISAAC W. CHOY
Co-Chair



Hawaii State Legislature

CR 69

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 396, SD 1, HD 1	Date/Time: 4-25-17 2:37 p
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				OHNO, Takashi, Co-Chr.	✓			
KEITH-AGARAN, Gilbert S.C., Co-Chr.	✓				TAKUMI, Roy M., Co-Chr.	✓			
CHANG, Stanley	✓				CHOY, Isaac W., Co-Chr.	✓			
					WARD, Gene	✓			
TOTAL	3	-	-	-	TOTAL	4	-	-	-

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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