

Honolulu, Hawaii

FEB 13 2017

RE: S.B. No. 950
S.D. 1

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

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 950 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE SERVICERS,"

begs leave to report as follows:

The purpose and intent of this measure is to make various
updates to the mortgage servicers law, chapter 454M, Hawaii
Revised Statutes, including:

- (1) Requiring the Commissioner of Financial Institutions to approve a change in control of a licensee;
- (2) Identifying when an individual is presumed to control a mortgage servicer;
- (3) Clarifying which persons associated with a mortgage servicer are subject to interviews and examination and various disclosure requirements; and
- (4) Adding a definition for "executive officer".

Your Committee received testimony in support of this measure from the Division of Financial Institutions of the Department of Commerce and Consumer Affairs.

Your Committee finds that mortgage servicers in Hawaii service billions of dollars of mortgage payments each year. Mortgage servicers often have relationships with borrowers that

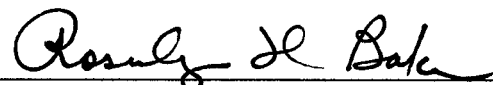


can last thirty years or more and can have a direct impact on what is often a consumer's largest asset. This measure requires the Commissioner of Financial Institutions to approve a change in control of a licensee; enables the Commissioner to make certain determinations regarding the fitness of the person who will obtain control and the impact of the change in control on the public interest; and enhances consumer protection by specifying when an individual is presumed to control a mortgage service, which will help prevent a takeover of a licensed mortgage service by unqualified persons. Your Committee further finds that this measure makes the State's mortgage servicer law more effective and efficient, improves compliance within the mortgage servicer industry, and enhances the Division of Financial Institution's regulatory oversight and enforcement abilities.

Your Committee has amended this measure by 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 S.B. No. 950, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 950, S.D. 1, and be referred to your Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



