

STAND. COM. REP. NO. 912

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 950
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 950, S.D. 1, 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 update the State's mortgage servicers law, as set forth in chapter 454M, Hawaii Revised Statutes.

More specifically, the measure:

- (1) Requires any licensee seeking to change control of the licensee to submit an application and \$500 fee to obtain approval from the Commissioner of Financial Institutions, who is required to grant approval of the change of control if certain conditions are met;
- (2) Provides that executive officers and other individuals are presumed to control a mortgage servicer;
- (3) Identifies which persons related to a mortgage servicer are subject to interviews and examination, as well as to disclosure of bankruptcy filings, lending industry violations, and criminal history; and



- (4) Deletes an obsolete provision of law that requires a mortgage servicer to possess a license under chapter 454F, Hawaii Revised Statutes, to make loan modifications.


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

Your Committee finds that it is appropriate to require a licensee seeking to change control of a licensee to submit to an application and investigation process by the Commissioner of Financial Institutions, who would make certain determinations as to the fitness of the persons who will obtain control and evaluate the impact of the change of control on the public interest. This process, as well as the statutory presumption regarding who is in control of a mortgage servicer, will enhance consumer protection by preventing the takeover of a licensed mortgage servicer by unqualified persons. Your Committee believes that the measure will clarify the State's mortgage servicers law and enhance the Division of Financial Institutions' regulatory oversight and enforcement of the law.

Your Committee has amended this measure by inserting the term "mortgage servicer," as appropriate, into the new section 454M- (1) and (2), Hawaii Revised Statutes, to clarify who is presumed to control a mortgage servicer.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 950, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 950, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 950, SD1	Committee Referral: CPH, WAM	Date: 23 Feb 2017		
<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 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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)				/
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			/ <i>at VC</i>
INOUYE, Lorraine R.				/
KAHELE, Kaiali'i				/
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.				/
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
TOTAL	7			4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Handwritten Signature]</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes