

STAND. COM. REP. NO.

549

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 1085

H.D. 1

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1085 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE LOAN ORIGINATION,"

begs leave to report as follows:

The purpose of this measure is to promote consumer protection with respect to Hawaii's mortgage loan origination industry. Among other things, this measure:

- (1) Provides that an executive officer of a mortgage loan originator company (MLOC) is one of the individuals who are presumed to be in control of the company and defines who is considered to be an executive officer;
- (2) Requires MLOCs to designate an individual to fulfill certain responsibilities required under Hawaii's Secure and Fair Enforcement for Mortgage Licensing Act;
- (3) Requires an exempt sponsoring MLOC to maintain a principal place of business in the State;
- (4) Establishes requirements that must be met before an application requesting a change of control of a licensee is approved;



- (5) Clarifies which key persons involved with an MLOC are subject to criminal history checks and requires payment of a fee established by rule;
- (6) Establishes conditions under which an employee performing MLOC activities for a non-profit are exempt from registration and licensure requirements; and
- (7) Requires a nonprofit organization to designate an employee to directly manage and supervise the nonprofit's mortgage loan originator activities.

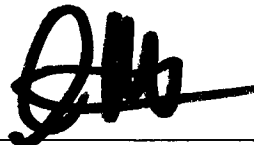
The Division of Financial Institutions of the Department of Commerce and Consumer Affairs and a concerned individual testified in support of this measure.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (2) 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 H.B. No. 1085, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1085, 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



