

Honolulu, Hawaii
February 5, 2018

RE: H.B. No. 1619
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1619 entitled:

"A BILL FOR AN ACT RELATING TO FINANCIAL INSTITUTIONS,"

begs leave to report as follows:

The purpose of this measure is to place restrictions on the ability of financial institutions to sell residential mortgage loans to other financial institutions.

The Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, Ho'omanapono Political Action Committee, and a concerned individual testified in support of this measure. The Hawaii Bankers Association, Mortgage Bankers Association of Hawaii, and Hawaii Financial Services Association testified in opposition of this measure. The Department of Commerce and Consumer Affairs and Hawaii Credit Union League commented on this measure.

Your Committee finds that financial institutions that do not have a physical presence in Hawaii may not always respond to questions or concerns of Hawaii mortgagees in a timely manner.

Testifiers from the financial services and mortgage industries noted that by focusing on the sale of loans rather than



loan servicing, the bill may have unintended negative consequences for Hawaii residents applying for mortgages in the future.

The Department of Commerce and Consumer Affairs commented that financial institutions not supervised by its Division of Financial Institutions, such as mainland lenders, would not be subject to this bill's restrictions.

Your Committee notes that the intent of this bill is to protect homeowners. Your Committee further notes that although there are issues with this bill in its current form, the bill may be refined through the process of being heard by your Committee on Consumer Protection and Commerce.

Your Committee has amended this measure by:

- (1) Changing its effective date to January 1, 2050, to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1619, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1619, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Housing,



TOM BROWER, Chair



State of Hawaii
House of Representatives
The Twenty-ninth Legislature

HSCR 49-18

Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 1619	Committee Referral: HSG, CPC, FIN	Date: 1/30/18		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)		✓		
2. NAKAMURA, Nadine K. (VC)		✓		
3. AQUINO, Henry J.C.	✓			
4. HASHEM, Mark J.				✓
5. QUINLAN, Sean	✓			
6. SAN BUENAVENTURA, Joy A.	✓			
7. MCDERMOTT, Bob		✓		
TOTAL (7)	3	3		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u> <i>Nadine K. Nakamura</i> </u>				
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