

STAND. COM. REP. NO. **2107**

Honolulu, Hawaii

FEB 08 2018

RE: S.B. No. 2771

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred S.B. No. 2771 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:

- (1) Authorize the Commissioner of Financial Institutions to enter into consent orders and issue cease and desist orders for violations of the State's mortgage servicer laws by licensees and unlicensed persons; and
- (2) Permit the Commissioner of Financial Institutions to adopt certain mortgage servicer requirements to the extent reasonably necessary to use NMLS.

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

Your Committee finds that NMLS is a web-based nationwide licensing system that streamlines workflow and communications for applicants, licensees, and licensing authorities, including the Division of Financial Institutions of the Department of Commerce and Consumer Affairs. NMLS has been in operation since January 2008 and is continually being improved. However, due to current state law, some of the improvements to NMLS are not yet available for Hawaii, such as the ability to accept an electronic bond

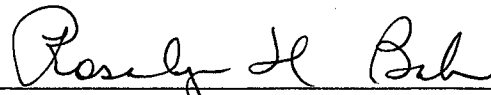


uploaded by an insurance carrier. This measure therefore permits the Commissioner of Financial Institutions (Commissioner) to modify or establish requirements pertaining to applications and license surrender, as reasonably necessary to use NMLS. This will give the Commissioner the authority to allow electronic bonds through NMLS, in accordance with the current practice of other states, and further use NMLS to manage the licensure of mortgage servicers without burdening licensees.

Your Committee notes that according to testimony from the Department of Commerce and Consumer Affairs, the Commissioner was recently unable to issue a cease and desist order against a mortgage servicer who was in violation of state law, as existing state law only permits the Commissioner to issue a proposed cease and desist order. This measure therefore authorizes the Commissioner to enter into consent orders and issue cease and desist orders for violations by licensees and unlicensed persons, which will enable the Commissioner to quickly minimize consumer harm, expedite decisions, and save resources.

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. 2771 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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



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ROSALYN H. BAKER, Chair



