

---

---

# A BILL FOR AN ACT

RELATING TO TRANSITIONAL AUTHORITY IN THE MORTGAGE INDUSTRY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 454F, Hawaii Revised Statutes, is  
2 amended by adding a new part to be appropriately designated and  
3 to read as follows:

4                           **"PART . TRANSITIONAL AUTHORITY**

5           **§454F- Purpose.** The purpose of this part is to  
6 implement section 106 of the Economic Growth, Regulatory Relief,  
7 and Consumer Protection Act, P.L. 115-174.

8           **§454F- Employment transition of loan originators.** In  
9 anticipation of satisfying all licensure requirements set out in  
10 part I, an individual shall be deemed to have temporary  
11 authority to act as a mortgage loan originator in this State as  
12 provided by and subject to the requirements of this part.

13           **§454F- Definitions.** In this part, unless the context  
14 or subject matter otherwise requires:

15           "Depository institution" has the same meaning as in title  
16 12 United States Code section 5102.



1 "Federal banking agency" has the same meaning as in title  
2 12 United States Code section 5102.

3 "Federal SAFE Act" means the Secure and Fair Enforcement  
4 for Mortgage Licensing Act of 2008, title 12 United States Code  
5 section 5101 et seq.

6 "Loan originator" has the same meaning as in title 12  
7 United States Code section 5102.

8 "Registered loan originator" means any individual who:

9 (1) Meets the definition of loan originator and is an  
10 employee of:

11 (A) A depository institution;

12 (B) A subsidiary that is:

13 (i) Owned and controlled by a depository  
14 institution; and

15 (ii) Regulated by a federal banking agency; or

16 (C) An institution regulated by the Farm Credit  
17 Administration; and

18 (2) Is registered with, and maintains a unique identifier  
19 through, NMLS.

20 "State" means any state of the United States, the District  
21 of Columbia, any territory of the United States, Puerto Rico,



1 Guam, American Samoa, the Trust Territory of the Pacific  
2 Islands, the Virgin Islands, and the Northern Mariana Islands.

3 "State-licensed loan originator" means any individual who:

4 (1) Is a loan originator;

5 (2) Is not an employee of:

6 (A) A depository institution;

7 (B) A subsidiary that is:

8 (i) Owned and controlled by a depository

9 institution; and

10 (ii) Regulated by a federal banking agency; or

11 (C) An institution regulated by the Farm Credit

12 Administration; and

13 (3) Is licensed by a state or by the Director of the

14 Bureau of Consumer Financial Protection and registered

15 as a loan originator with, and maintains a unique

16 identifier through, NMLS.

17 "State-licensed mortgage company" means an entity that is

18 licensed or registered under this chapter to engage in

19 residential mortgage loan origination and processing activities.

20 "This State" means the State of Hawaii.



1           §454F-           Employment transition of loan originators. (a)

2 Temporary authority to originate loans for loan originators  
3 moving from a depository institution to a non-depository  
4 institution shall be available as follows:

5           (1) Upon becoming employed by a state-licensed mortgage  
6 company, an individual who is a registered loan  
7 originator shall be deemed to have temporary authority  
8 to act as a mortgage loan originator in this State for  
9 the period described in paragraph (2) if the  
10 individual:

11           (A) Has not had:

12                   (i) An application for a loan originator license  
13                   denied; or

14                   (ii) A loan originator license revoked or  
15                   suspended in any governmental jurisdiction;

16           (B) Has not been subject to, or served with, a cease  
17           and desist order:

18                   (i) In any governmental jurisdiction; or

19                   (ii) Under section 5113(c) of the federal SAFE  
20           Act;



- 1 (C) Has not been convicted of a misdemeanor or felony  
2 that would preclude licensure under the laws of  
3 this State;
- 4 (D) Has submitted an application to be a state-  
5 licensed loan originator in this State; and
- 6 (E) Was registered in NMLS as a loan originator  
7 during the one-year period preceding the date on  
8 which the information required under section  
9 454F-4(d) is submitted; and
- 10 (2) For purposes of paragraph (1), the temporary authority  
11 period shall begin on the date on which an individual  
12 described in paragraph (1) submits the information  
13 required under section 454F-4(d) and pays the fees  
14 required under section 454F-22, and shall end on the  
15 earliest of the date:
- 16 (A) On which the individual withdraws the application  
17 to be a state-licensed loan originator in this  
18 State;
- 19 (B) On which this State denies, or issues a notice of  
20 intent to deny, the application;



- 1 (C) On which this State grants a mortgage loan
- 2 originator license; or
- 3 (D) That is one hundred twenty days after the date on
- 4 which the individual submits the application, if
- 5 the application is listed on NMLS as incomplete.
- 6 (b) Temporary authority to originate loans shall be
- 7 available for state-licensed loan originators moving interstate
- 8 as follows:
- 9 (1) A state-licensed loan originator shall be deemed to
- 10 have temporary authority to act as a mortgage loan
- 11 originator in this State for the period described in
- 12 paragraph (2) if the state-licensed loan originator:
- 13 (A) Meets the requirements of subsection (a) (1) (A)
- 14 through (a) (1) (D);
- 15 (B) Is employed by a state-licensed mortgage company
- 16 in this State; and
- 17 (C) Was licensed in a state other than this State
- 18 during the thirty-day period preceding the date
- 19 on which the information required under section
- 20 454F-4(d) was submitted in connection with the
- 21 application submitted to this State; and



1 (2) For purposes of paragraph (1), the temporary authority  
2 period shall begin on the date on which the state-  
3 licensed loan originator submits the information  
4 required under section 454F-4(d) in connection with  
5 the application submitted to the commissioner and pays  
6 the fees required under section 454F-22, and end on  
7 the earliest of the date:

8 (A) On which the state-licensed loan originator  
9 withdraws the application to be a state-licensed  
10 loan originator in this State;

11 (B) On which this State denies, or issues a notice of  
12 intent to deny, the application;

13 (C) On which this State grants a mortgage loan  
14 originator license; or

15 (D) That is one hundred twenty days after the date on  
16 which the state-licensed loan originator submits  
17 the application, if the application is listed on  
18 NMLS as incomplete.

19 (c) With respect to temporary authority authorized by this  
20 section:



1 (1) Any person employing an individual who is deemed to  
2 have temporary authority to act as a loan originator  
3 in this State under this part shall be subject to the  
4 requirements of this chapter and to applicable law of  
5 this State to the same extent as if that individual  
6 was a state-licensed loan originator licensed by this  
7 State; and

8 (2) Any individual who is deemed to have temporary  
9 authority to act as a loan originator in this State  
10 under this part and who engages in residential  
11 mortgage loan origination activities shall be subject  
12 to the requirements of this chapter and to applicable  
13 law of this State to the same extent as if that  
14 individual was a state-licensed loan originator  
15 licensed by this State.

16 (d) An application submitted pursuant to this part shall  
17 not be subject to section 454F-4.9(a) through (c), pertaining to  
18 abandoned applications."

19 SECTION 2. This Act shall take effect on November 24,  
20 2019.





**Report Title:**

Mortgage Loan Originators; Transitional Authority; SAFE Act

**Description:**

Implements section 106 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, P.L. 115-174, by providing a 120-day temporary authority to originate loans in this State for loan originators moving from a depository institution to a non-depository institution and state-licensed loan originators moving interstate. (HB988 CD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

