
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.** (a) In this part, unless the
14 context 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 meaning as in title 12 United
7 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 mortgage company" means an entity that is
4 licensed or registered under this chapter to engage in
5 residential mortgage loan origination and processing activities.

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

- 7 (1) Is a loan originator;
- 8 (2) Is not an employee of:
 - 9 (A) A depository institution;
 - 10 (B) A subsidiary that is:
 - 11 (i) Owned and controlled by a depository
 - 12 institution; and
 - 13 (ii) Regulated by a federal banking agency; or
 - 14 (C) An institution regulated by the Farm Credit
 - 15 Administration; and
- 16 (3) Is licensed by a state or by the Director of the
- 17 Bureau of Consumer Financial Protection and registered
- 18 as a loan originator with, and maintains a unique
- 19 identifier through, NMLS.

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 is 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) The period described in this paragraph shall begin on
- 11 the date on which an individual described in paragraph
- 12 (1) submits the information required under section
- 13 454F-4(d) and pays the fees required under section
- 14 454F-22, and shall end on the earliest of the date:
- 15 (A) On which the individual withdraws the application
- 16 to be a state-licensed loan originator in this
- 17 State;
- 18 (B) On which this State denies, or issues a notice of
- 19 intent to deny, the application;
- 20 (C) On which this State grants a mortgage loan
- 21 originator license; or



1 (D) That is one hundred twenty days after the date on
2 which the individual submits the application, if
3 the application is listed on NMLS as incomplete.

4 (b) Temporary authority to originate loans is available
5 for state-licensed loan originators moving interstate as
6 follows:

7 (1) A state-licensed loan originator shall be deemed to
8 have temporary authority to act as a mortgage loan
9 originator in this State for the period described in
10 paragraph (2) if the state-licensed loan originator:

11 (A) Meets the requirements of subparagraphs (A), (B),
12 (C), and (D) of subsection (a)(1);

13 (B) Is employed by a state-licensed mortgage company
14 in this State; and

15 (C) Was licensed in a state other than this State
16 during the thirty-day period preceding the date
17 on which the information required under section
18 454F-4(d) was submitted in connection with the
19 application submitted to this State; and

20 (2) The period described in this paragraph shall begin on
21 the date on which the state-licensed loan originator



1 submits the information required under section 454F-
2 4(d) in connection with the application submitted to
3 the commissioner and pays the fees required under
4 section 454F-22, and end on the earliest of the date:

5 (A) On which the state-licensed loan originator
6 withdraws the application to be a state-licensed
7 loan originator in this State;

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

10 (C) On which this State grants a mortgage loan
11 originator license; or

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

16 (c) With respect to temporary authority authorized by this
17 section:

18 (1) Any person employing an individual who is deemed to
19 have temporary authority to act as a loan originator
20 in this State under this part shall be subject to the
21 requirements of this chapter and to applicable state



1 law to the same extent as if that individual was a
2 state-licensed loan originator licensed by this State;
3 and

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

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

15 SECTION 2. This Act shall take effect on July 1, 2050.



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 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 HD1)

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