

Honolulu, Hawaii

APR 05 2019

RE: H.B. No. 989
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 989, H.D. 1, S.D. 1, 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 modify requirements and make new requirements in chapter 454M, Hawaii Revised Statutes, to implement changes and improvements made to the Nationwide Mortgage Licensing System; and
- (2) Authorize the Commissioner of Financial Institutions to issue cease and desist orders against licensees and unlicensed persons and to enter into consent orders.

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

Your Committee finds that the Nationwide Mortgage Licensing System (NMLS) is a web-based nationwide licensing system that streamlines workflows and communications for applicants, licensees, and the Department of Commerce and Consumer Affairs' Division of Financial Institutions. Your Committee further finds



that as the NMLS platform continues to evolve and allow for more efficient processing for both the states and industry, the Division of Financial Institutions requires the flexibility to allow the industry to use NMLS in the most efficient way possible. Your Committee finds that currently, the Division is unable to accept through NMLS an electronic bond uploaded by an insurance carrier. While your Committee understands the need for flexibility, the broad authority granted by this measure may not be necessary at this time.

Accordingly, your Committee has amended this measure by:

- (1) Removing language authorizing the Commissioner of Financial Institutions to modify, in whole or in part, by rule or order, any or all requirements of chapter 454M, Hawaii Revised Statutes, and language authorizing the establishment of new requirements, to the extent reasonably necessary to use NMLS;
- (2) Allowing documents required to be filed in conjunction with mortgage servicing licensing to be filed electronically;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 989, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 989, H.D. 1, S.D. 2.

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

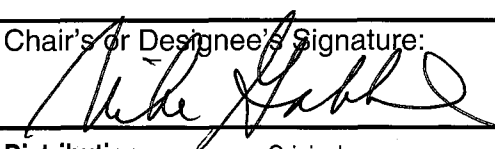


KARL RHOADS, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 989, HD1, SD1	CPH, JDC	3/29/19		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
WAKAI, Glenn (VC)	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado				✓
FEVELLA, Kurt	✓			
TOTAL	4	—	—	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod				
File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes