

Honolulu, Hawaii

FEB 12 2019

RE: S.B. No. 1215

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

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 1215 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 authorize the
Commissioner of Financial Institutions to:

- (1) Modify requirements and make new requirements to
implement changes and improvements to the Nationwide
Multistate Licensing System and Registry (NMLS);
- (2) Issue cease and desist orders against licensees and
unlicensed persons; and
- (3) 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 NMLS is a web-based nationwide
licensing system that streamlines workflows and communications for
applicants, licensees, and the Division of Financial Institutions.
Currently, the Division of Financial Institutions cannot accept
electronic bonds uploaded by an insurance carrier through NMLS due
to the requirements in existing law that bond riders or
endorsements must be provided directly to the Commissioner of

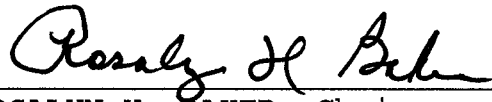


Financial Institutions (Commissioner), or surety bonds filed with the Commissioner. This measure gives the Commissioner authority to expand its uses of NMLS in accordance with the current practice of other states and better manage the licensure of mortgage servicers.

Your Committee further finds that, currently, the Commissioner may only issue proposed cease and desist orders, which have no immediate effect in the event that a licensee's violation is likely to cause immediate and irreparable harm to a consumer. Moreover, because the Commissioner also has no authority to enter into consent orders, administrative proceedings can last a number of years, wasting time and resources. This measure authorizes the Commissioner to enter into consent orders and issue cease and desist orders for violations for 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. 1215 and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

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



ROSALYN H. BAKER, Chair



