

ACT 14

H.B. NO. 1737

A Bill for an Act Relating to Mortgage Brokers and Solicitors.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 454-3, Hawaii Revised Statutes, is amended as follows:
1. By amending subsection (f) to read:

“(f) If the mortgage broker is a person other than an individual, the license issued to it entitles one officer or member thereof, on behalf of the corporation, partnership, association, or other organization, to engage in the business of mortgage broker. The officer or member shall be designated in the application for license and have two years of experience in financial transactions involving primary or subordinate mortgage financing, or equivalent experience as determined by the commissioner. For the purposes of this subsection, the commissioner shall consider as equivalent experience, two years of experience as a licensed insurance producer under chapter 431; provided that:

- (1) The licensed insurance producer only arranges mortgage loans with one insured depository institution, as defined in 12 U.S.C. section 1813(c)(2), that is a wholly-owned subsidiary of an insurer, or an affiliate of an insurer with which such insurance producer has an exclusive insurance agency relationship;
- (2) The licensed insurance producer and the insured depository institution shall certify that the insurance producer only arranges mortgage loans with the insured depository institution and no other; and
- (3) The license shall be terminated as of the date the insurance producer ceases to arrange mortgage loans with the insured depository institution.”

2. By amending subsection (i) to read:

“(i) Every licensed mortgage broker shall have and maintain a principal place of business in the State for the transaction of business. In the event the mortgage broker maintains a branch office or offices, the commissioner, upon application and payment of a fee, shall issue a branch office license. The mortgage broker shall designate a mortgage solicitor who has two years of experience in financial transactions involving primary or subordinate mortgage financing, or equivalent experience as determined by the commissioner, to be in charge of each branch office. For the purposes of this subsection, the commissioner shall consider as equivalent experience, two years of experience as a licensed insurance producer under chapter 431; provided that:

- (1) The licensed insurance producer only arranges mortgage loans with one insured depository institution, as defined in 12 U.S.C. section 1813(c)(2), that is a wholly-owned subsidiary of an insurer, or an affiliate of an insurer with which such insurance producer has an exclusive insurance agency relationship;
- (2) The licensed insurance producer and the insured depository institution shall certify that the insurance producer only arranges mortgage loans with the insured depository institution and no other; and
- (3) The license shall be terminated as of the date the insurance producer ceases to arrange mortgage loans with the insured depository institution.”

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved April 22, 2004.)