

IMPORTANT ANNOUNCEMENT
for
LICENSED MORTGAGE BROKERS
and SOLICITORS

Changes to Chapter 454, Hawaii Revised Statutes ("HRS"), relating to Mortgage Brokers and Solicitors, were approved by the Governor on April 6, 2001. Act 4, SLH 2001, makes housekeeping amendments to the law for consistency with recent statutory amendments, repeals obsolete provisions, and aligns the program with current administrative practices for regulatory licenses.

The main provisions of Act 4 are:

- ? **\$15,000 surety bond requirement for Mortgage Broker license**
The \$50,000 mortgage servicing bond requirement has been repealed. For consistency with the 1999 repeal of the real estate collection servicing agent licensing law (formerly chapter 454D, HRS), the \$50,000 mortgage servicing bond requirement in the mortgage broker licensing law that mirrored the real estate collection servicing agent bond requirement has been repealed. The requirement is now a \$15,000 bond for all licensed Mortgage Brokers.
- ? **Financial integrity requirement for Mortgage Broker and Solicitor licenses**
Act 4 establishes financial integrity as a condition of licensure, consistent with the standards established for other professions whose members' activities have financial impact on consumers.
- ? **Requirement of two years of experience for licensure as a Designated Principal Mortgage Solicitor ("DPMS")**
The Act clarifies the two-year experience requirement for the DPMS, which establishes a consumer protection standard for the solicitor in charge of the Mortgage Broker's operations. The two years of experience must reflect dealing in financial transactions involving primary or subordinate mortgage financing.
- ? **Biennial license renewal**
Effective with the December 31, 2000 renewal, the schedule for renewal of a Mortgage Broker's license was shifted to a biennial cycle. Subsequent renewal dates are December 31, 2002, and every even-numbered year thereafter.

Failure to renew your license by the deadline date constitutes an automatic forfeiture of the license. You may restore your forfeited license, as long as the application for restoration is made within six months and a penalty fee is paid in addition to the delinquent license fee. However, should you fail to restore your license within the six-month period, you must then apply as a new applicant.

- ? **Five year license suspension and revocation period**
Act 4 repeals the two-year license suspension period to allow suspension and revocation periods consistent with the consumer remedies provision of the public agency meetings law (Section 92-17, HRS) which provides for a five-year suspension and revocation period.
- ? **Fees**
Obsolete licensing fees have been repealed. Hawaii Administrative Rules Title 16, Chapter 53, entitled "Fees Relating to Boards and Commissions", establishes license fees for boards, commissions, and programs administratively attached to the department.
- ? **Display of license(s)**
The requirement for the display of license(s) in the Mortgage Broker's office has been repealed. The law now requires that, upon request, the Mortgage Broker must make available for inspection the Mortgage Broker's license and the licenses of all the Mortgage Solicitors employed by the Mortgage Broker.
- ? **Mortgage Solicitor's release from Mortgage Broker**
Rather than returning the Mortgage Solicitor's license to the department for cancellation when he/she leaves the employ of a Mortgage Broker, the Mortgage Broker must immediately return the license to the Mortgage Solicitor.

**FOR COMPLETE INFORMATION ON THE CHANGES TO CHAPTER 454, HRS,
CHECK THE PROGRAM'S WEBSITE:**

www.state.hi.us/dcca/pvl/areas_mortgage_broker.html

or **CALL THE PROGRAM'S OFFICE AT:** (808) 586-2696

FOR THE COMPLETE TEXT OF ACT 4, CHECK THE STATE LEGISLATURE'S WEBSITE:

www.capitol.hawaii.gov

Select "Status and Documents"; request the text for "HB587"; click "HB 587 HD1".

**IN ADDITION,
TWO NEW ONLINE SERVICES ARE AVAILABLE FROM THE DEPARTMENT:**

www.ehawaii.gov/org/serv/pvl Search for professional and vocational licenses

www.ehawaii.gov/org/serv/rico Search for business and licensee complaints history