

MORTGAGE BROKER TASK FORCE

Minutes of Meeting #1

June 8, 2006, 2:00 p.m.
King Kalakaua Conference Room, First Floor
335 Merchant Street, Honolulu, Hawaii 96813

Presiding: Nick Griffin, Task Force Chairman

Secretary: Karen Kaneko

Present: Task Force Members

Candace Chase	John Nabors
Charles Greenfield	Neal Okabayashi
Stephen Higa	Jason Okuhama
Kendall Hirai	Nelson Oyadomari
Bonnie Horibata	Beau Springer
Gayle Ishima	Alvin Tanaka

Absent: Harry Matson
Dennis Tanimoto

In Attendance: Guests
Russell Miyashiro, Pamela Herrington, Cheryl Kaster, Marvin Dang,
Nathan Natori, Harold Nedd, Tina Yuen.

DFI Staff
Debra Takeuchi-Au, Christine Daleiden.

Minutes:

A quorum of Task Force members were present.

- A. Welcome by Nick Griffin and self introductions by Task Force members and guests.
- B. Nick Griffin explained the Sunshine Law ("Open Meetings, a guide to 'The Sunshine Law,' published by the Office of Information Practices, State of Hawaii, was provided to each Task Force Member), Task Force Meeting Ground Rules and Procedures (copy provided to each Task Force member).
- C. Objectives of Mortgage Broker Task Force.
 1. Consider an appropriate framework for mortgage broker regulation and supervision.
 2. Consider the applicability of background checks, pre-licensing testing, ethics training and continuing education.

MORTGAGE BROKER TASK FORCE
Minutes of Meeting #1
Page 2

3. Consider the most effective method of implementation of an appropriate framework for mortgage broker regulation and supervision.
4. Draft a proposed bill incorporating the foregoing concepts for introduction in the legislation for 2007 session.

D. Discussion.

1. There is a need for more stringent mortgage broker and solicitor regulations – pre-licensing checks (pre-background, pre-licensing testing and fingerprint checks).
2. There is a lack of knowledge and need for training, testing, mandated ethics training, and continuing education.
3. Barriers to entry too low.
4. State should take more responsibility; provide alternate dispute resolution.
5. Increase Mortgage Broker and Solicitor financial requirements, licensing fees; bond requirements should be higher.
6. Look into internet lending/brick & mortar requirements.
7. Increase professionalism.
8. Balance entrepreneurial spirit and consumer protection.
9. Ensure consumer at top of priorities.
10. Mortgage Broker should be responsible and held accountable for actions by mortgage solicitors employed by the mortgage broker.
11. Mortgage solicitors should be W-2 employees rather than individual contractors.
12. Basic problem is that the mortgage brokerage industry is composed of unregulated small businesses without enforcement. Qualifications of many brokers and solicitors are questioned as many lack the required education, training, and knowledge; ethics and integrity; and professionalism.

MORTGAGE BROKER TASK FORCE
Minutes of Meeting #1
Page 3

13. Framework should include an effective regulatory enforcement component.

E. Decisions.

1. Stephen Higa will email to DFI a copy of the Hawaii Association of Mortgage Broker's ("HAMB") bill submitted in the 2004 Legislative Session.
2. Nick Griffin will email to the Task Force members a copy of the HAMB bill and HRS Ch. 454.
3. Task Force members will compare the HAMB bill with SB 770, SD2, HD1, (provided to Task Force members at this meeting), and HRS Ch. 454 (the current mortgage broker law) and provide feedback at the next meeting.
4. Copies of all Task Force materials will be posted on the DFI website.
5. Public attendees were advised they could request notice of next Task Force meeting.

- F. Next Meeting – July 13, 2006, 2:00 p.m.
King Kalakaua Conference Rm.
335 Merchant St., 1st Flr.

- G. Adjournment – Approximately 3:50 p.m.

Submitted:

Karen Kaneko
Secretary