
A BILL FOR AN ACT

RELATING TO THE HAWAIIAN HOMES COMMISSION ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 215, Hawaiian Homes Commission Act,
2 1920, as amended, is amended to read as follows:

3 "§215. **Conditions of loans.** Except as otherwise provided
4 in section 213(c), each contract of loan with the lessee or any
5 successor or successors to the lessee's interest in the tract or
6 with any agricultural, mercantile, or aquacultural cooperative
7 association composed entirely of lessees shall be held subject
8 to the following conditions whether or not stipulated in the
9 contract loan:

10 (1) At any time, the outstanding amount of loans made to
11 any lessee, or successor or successors in interest,
12 for the repair, maintenance, purchase, and erection of
13 a dwelling and related permanent improvements shall
14 not exceed fifty per cent of the maximum single
15 residence loan amount allowed in Hawaii by the United
16 States Department of Housing and Urban Development's
17 Federal Housing Administration (FHA), for the
18 development and operation of a farm, ranch, or



1 aquaculture operation shall not exceed [~~\$50,000,~~
2 \$200,000, except that when loans are made to an
3 agricultural or aquacultural cooperative association
4 for the purposes stated in section 214(a)(4), the loan
5 limit shall be determined by the department on the
6 basis of the proposed operations and the available
7 security of the association, and for the development
8 and operation of a mercantile establishment shall not
9 exceed the loan limit determined by the department on
10 the basis of the proposed operations and the available
11 security of the lessee or of the organization formed
12 and controlled by lessees; provided that upon the
13 death of a lessee leaving no relative qualified to be
14 a lessee of Hawaiian home lands, or the cancellation
15 of a lease by the department, or the surrender of a
16 lease by the lessee, the department shall make the
17 payment provided for by section 209(a), the amount of
18 any such payment shall be considered as part or all,
19 as the case may be, of any such loan to the successor
20 or successors, without limitation as to the above
21 maximum amounts; provided further that in case of the
22 death of a lessee, or cancellation of a lease by the



1 department, or the surrender of a lease by the lessee,
2 the successor or successors to the tract shall assume
3 any outstanding loan or loans thereon, if any, without
4 limitation as to the above maximum amounts but subject
5 to paragraph (3).

6 (2) The loans shall be repaid in periodic installments,
7 such installments to be monthly, quarterly,
8 semiannual, or annual as may be determined by the
9 department in each case. The term of any loan shall
10 not exceed thirty years. Payments of any sum in
11 addition to the required installments, or payment of
12 the entire amount of the loan, may be made at any time
13 within the term of the loan. All unpaid balances of
14 principal shall bear interest at the rate of two and
15 one-half per cent or higher as established by rule
16 adopted by the department, payable periodically or
17 upon demand by the department, as the department may
18 determine. The payment of any installment due shall
19 be postponed in whole or in part by the department for
20 such reasons as it deems good and sufficient and until
21 such later date as it deems advisable. Such postponed



1 payments shall continue to bear interest on the unpaid
2 principal at the rate established for the loan.

3 (3) In the case of the death of a lessee the department
4 shall, in any case, permit the successor or successors
5 to the tract to assume the contract of loan subject to
6 paragraph (1). In case of the cancellation of a lease
7 by the department or the surrender of a lease by the
8 lessee, the department may, at its option declare all
9 installments upon the loan immediately due and
10 payable, or permit the successor or successors to the
11 tract to assume the contract of loan subject to
12 paragraph (1). The department may, in such cases
13 where the successor or successors to the tract assume
14 the contract of loan, waive the payment, wholly or in
15 part, of interest already due and delinquent upon the
16 loan, or postpone the payment of any installment
17 thereon, wholly or in part, until such later dates as
18 it deems advisable. Such postponed payments shall,
19 however, continue to bear interest on the unpaid
20 principal at the rate established for the loan.
21 Further, the department may, if it deems it advisable
22 and for the best interests of the lessees, write off



1 and cancel, wholly or in part, the contract of loan of
2 the deceased lessee, or previous lessee, as the case
3 may be, where such loans are delinquent and deemed
4 uncollectible. Such write off and cancellation shall
5 be made only after an appraisal of all improvements
6 and growing crops or improvements and aquaculture
7 stock, as the case may be, on the tract involved, such
8 appraisal to be made in the manner and as provided for
9 by section 209(a). In every case, the amount of such
10 appraisal, or any part thereof, shall be considered as
11 part or all, as the case may be, of any loan to such
12 successor or successors, subject to paragraph (1).

13 (4) No part of the moneys loaned shall be devoted to any
14 purpose other than those for which the loan is made.

15 (5) The borrower or the successor to the borrower's
16 interest shall comply with such other conditions, not
17 in conflict with any provision of this Act, as the
18 department may stipulate in the contract of loan.

19 (6) The borrower or the successor to the borrower's
20 interest shall comply with the conditions enumerated
21 in section 208, and with section 209 of this Act in
22 respect to the lease of any tract.



1 (7) Whenever the department shall determine that a
2 borrower is delinquent in the payment of any
3 indebtedness to the department, it may require such
4 borrower to execute an assignment to it, not to
5 exceed, however, the amount of the total indebtedness
6 of such borrower, including the indebtedness to others
7 the payment of which has been assured by the
8 department of all moneys due or to become due to such
9 borrower by reason of any agreement or contract,
10 collective or otherwise, to which the borrower is a
11 party. Failure to execute such an assignment when
12 requested by the department shall be sufficient ground
13 for cancellation of the borrower's lease or interest
14 therein."

15 SECTION 2. The provisions of the amendments made by this
16 Act to the Hawaiian Homes Commission Act, 1920, as amended, are
17 declared to be severable, and if any section, sentence, clause,
18 or phrase, or the application thereof to any person or
19 circumstances is held ineffective because there is a requirement
20 of having the consent of the United States to take effect, then
21 that portion only shall take effect upon the granting of consent



1 by the United States and effectiveness of the remainder of these
2 amendments or the application thereof shall not be affected.

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.



Report Title:

Increase agriculture loan ceiling; Hawaiian Homes Commission Act

Description:

Increases the loan ceiling for farm and ranch operations on Hawaiian home lands from \$50,000 to \$200,000. (SD1)

