

JAN 24 2024

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. The legislature finds that the department of
2 Hawaiian home lands provides direct loans for the repair,
3 maintenance, purchase, and erection of a dwelling; however, the
4 Hawaiian Homes Commission Act of 1920, as amended, stipulates
5 that these loans cannot exceed fifty per cent of the maximum
6 single residence loan amount allowed in Hawaii by the United
7 States Department of Housing and Urban Development's Federal
8 Housing Administration. The purpose of this Act is to increase
9 the loan limit for direct loans provided by the department of
10 Hawaiian home lands to seventy-five per cent of the maximum
11 single residence loan amount allowed in Hawaii by the United
12 States Department of Housing and Urban Development's Federal
13 Housing Administration, instead of fifty per cent, as currently
14 outlined in section 215 of the Hawaiian Homes Commission Act,
15 1920, as amended.

16 SECTION 2. Section 215, Hawaiian Homes Commission Act,
17 1920, as amended, is amended to read as follows:

18 "§215. Conditions of loans. Except as otherwise provided

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1 in section 213(c), each contract of loan with the lessee or any
2 successor or successors to the lessee's interest in the tract or
3 with any agricultural, mercantile, or aquacultural cooperative
4 association composed entirely of lessees shall be held subject
5 to the following conditions whether or not stipulated in the
6 contract loan:

7 (1) At any one time, the outstanding amount of loans made
8 to any lessee, or successor or successors in interest,
9 for the repair, maintenance, purchase, and erection of
10 a dwelling and related permanent improvements shall
11 not exceed [~~fifty~~] seventy-five per cent of the
12 maximum single residence loan amount allowed in Hawaii
13 by the United States Department of Housing and Urban
14 Development's Federal Housing Administration (FHA),
15 for the development and operation of a farm, ranch, or
16 aquaculture operation shall not exceed \$200,000,
17 except that when loans are made to an agricultural or
18 aquacultural cooperative association for the purposes
19 stated in section 214(a)(4), the loan limit shall be
20 determined by the department on the basis of the
21 proposed operations and the available security of the
22 association, and for the development and operation of

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1 a mercantile establishment shall not exceed the loan
2 limit determined by the department on the basis of the
3 proposed operations and the available security of
4 the lessee or of the organization formed and
5 controlled by lessees; provided that upon the death of
6 a lessee leaving no relative qualified to be a lessee
7 of Hawaiian home lands, or the cancellation of a lease
8 by the department, or the surrender of a lease by the
9 lessee, the department shall make the payment provided
10 for by section 209(a), the amount of any such payment
11 shall be considered as part or all, as the case may
12 be, of any such loan to the successor or successors,
13 without limitation as to the above maximum amounts;
14 provided further that in case of the death of a
15 lessee, or cancellation of a lease by the department,
16 or the surrender of a lease by the lessee, the
17 successor or successors to the tract shall assume any
18 outstanding loan or loans thereon, if any, without
19 limitation as to the above maximum amounts but subject
20 to paragraph (3).

21 (2) The loans shall be repaid in periodic

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1 installments, such installments to be monthly,
2 quarterly, semiannual, or annual as may be determined
3 by the department in each case. The term of any loan
4 shall not exceed thirty years. Payments of any sum in
5 addition to the required installments, or payment of
6 the entire amount of the loan, may be made at any time
7 within the term of the loan. All unpaid balances of
8 principal shall bear interest at the rate of two and
9 one-half per cent a year for loans made directly from
10 the Hawaiian home loan fund, or at the rate of two and
11 one-half per cent or higher as established by law for
12 other loans, payable periodically or upon demand by
13 the department, as the department may determine. The
14 payment of any installment due shall be postponed in
15 whole or in part by the department for such reasons as
16 it deems good and sufficient and until such later date
17 as it deems advisable. Such postponed payments shall
18 continue to bear interest on the unpaid principal at
19 the rate established for the loan.

- 20 (3) In the case of the death of a lessee the
21 department shall, in any case, permit the successor or
22 successors to the tract to assume the contract of loan

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

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1 and growing crops or improvements and aquaculture
2 stock, as the case may be, on the tract involved, such
3 appraisal to be made in the manner and as provided for
4 by section 209(a). In every case, the amount of such
5 appraisal, or any part thereof, shall be considered as
6 part or all, as the case may be, of any loan to such
7 successor or successors, subject to paragraph (1).

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

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

15 (6) The borrower or the successor to the borrower's
16 interest shall comply with the conditions enumerated
17 in section 208, and with section 209 of this Act in
18 respect to the lease of any tract.

19 (7) Whenever the department shall determine that a
20 borrower is delinquent in the payment of any
21 indebtedness to the department, it may require such
22 borrower to execute an assignment to it, not to

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1 exceed, however, the amount of the total indebtedness
2 of such borrower, including the indebtedness to others
3 the payment of which has been assured by the
4 department of all moneys due or to become due to such
5 borrower by reason of any agreement or contract,
6 collective or otherwise, to which the borrower is a
7 party. Failure to execute such an assignment when
8 requested by the department shall be sufficient ground
9 for cancellation of the borrower's lease or interest
10 therein."

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

13 SECTION 4. This Act shall take effect on either the date
14 of the Secretary of the Interior's notification letter to the
15 Congressional Committee Chairmen that this Act meets none of the
16 criteria in 43 CFR section 48.20, or on the date that the United
17 States Congress approval becomes law. The amendments made to
18 section 215, Hawaiian Homes Commission Act, 1920, as amended, by
19 this Act shall not be repealed when Act 107, Session Laws of
20 Hawaii 2000, or Act 85, Session Laws of Hawaii 2008, take effect
21 with the consent of the United States Congress.

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INTRODUCED BY: *Wm. M. ...*

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BY REQUEST

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Report Title:

DHHL; Hawaiian Homes Commission Act; Federal Housing Administration

Description:

Increases the loan limit for direct loans provided by DHHL to seventy-five percent of the maximum single residence loan amount allowed in Hawaii by the United States Department of Housing and Urban Development's Federal Housing Administration, instead of fifty percent, as currently outlined in section 215 of the Hawaiian Homes Commission Act, 1920, as amended.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAIIAN HOMES COMMISSION ACT.

PURPOSE: To increase the loan limit for direct loans provided by the Department of Hawaiian Home Lands to seventy-five per cent of the maximum single residence loan amount allowed in Hawaii by the United States Department of Housing and Urban Development's Federal Housing Administration, instead of fifty per cent, as currently outlined in section 215 of the Hawaiian Homes Commission Act, 1920, as amended.

MEANS: Amend section 215 of the Hawaiian Homes Commission Act, 1920, as amended.

JUSTIFICATION: With the higher cost to construct or purchase a home, increasing the loan limit for direct loans provided by the Department of Hawaiian Home Lands from fifty percent to seventy-five percent of the maximum single residence loan amount allowed in Hawaii by the United States Department of Housing and Urban Development's Federal Housing Administration, will allow beneficiaries to purchase or make improvements to their home.

Impact on the public: This bill protects the interest of beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended, by increasing the loan limit for direct loans provided by the Department of Hawaiian Home Lands from fifty percent to seventy-five percent of the maximum single residence loan amount allowed in Hawaii by the United States Department of Housing and Urban Development's Federal Housing Administration.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: HHL 625.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: This Act shall take effect on either the date of the Secretary of the Interior's notification letter to the Congressional Committee Chairmen that this Act meets none of the criteria in 43 CFR section 48.20, or on the date that the United States Congress approval becomes law. The amendments made to section 215, Hawaiian Homes Commission Act, 1920, as amended, by this Act shall not be repealed when Act 107, Session Laws of Hawaii 2000, or Act 85, Session Laws of Hawaii 2008, take effect with the consent of the United States Congress.