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# 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, 1920, as amended, stipulates that  
5 these loans cannot exceed fifty per cent of the maximum single  
6 residence loan amount allowed in Hawaii by the United States  
7 Department of Housing and Urban Development's Federal Housing  
8 Administration.

9           The purpose of this Act is to increase the loan limit for  
10 direct loans provided by the department of Hawaiian home lands  
11 to seventy-five per cent of the maximum single residence loan  
12 amount allowed in Hawaii by the United States Department of  
13 Housing and Urban Development's Federal Housing Administration,  
14 instead of fifty per cent, as currently outlined in section 215  
15 of the Hawaiian Homes Commission Act, 1920, as amended.

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



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

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



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



1            limitation as to the above maximum amounts but subject  
2            to paragraph (3).

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



1           continue to bear interest on the unpaid principal at  
2           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



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

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

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

20 (6) The borrower or the successor to the borrower's  
21 interest shall comply with the conditions enumerated



1 in section 208, and with section 209 of this Act in  
2 respect to the lease of any tract.

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

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

19 SECTION 4. This Act shall take effect on either the date  
20 of the Secretary of the Interior's notification letter to the  
21 Congressional Committee Chairmen that this Act meets none of the



1 criteria in title 43 Code of Federal Regulations section 48.20,  
2 or on the date of consent by the United States Congress approval  
3 becomes law. The amendments made to section 215, Hawaiian Homes  
4 Commission Act, 1920, as amended, by this Act shall not be  
5 repealed when Act 107, Session Laws of Hawaii 2000, or Act 85,  
6 Session Laws of Hawaii 2008, take effect with the consent of the  
7 United States Congress.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be 'RST', is written over a horizontal line. The signature is stylized and cursive.

# S.B. NO. 2646

**Report Title:**

DHHL; HHCA; Federal Housing Administration; Loan Limit

**Description:**

Increases the loan limit for direct loans provided by the Department of Hawaiian Home Lands to 75% 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 50%, as currently outlined in section 215 of the Hawaiian Homes Commission Act, 1920, as amended. Takes effect on either the date of the Secretary of the Interior's notification that congressional approval of this Act is unnecessary, or on the date of consent by the United States Congress.

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

