

JAN 19 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 United States
2 Department of Agriculture's Section 502 Direct Loan Program for
3 very-low-income households provides a loan term of thirty-eight
4 years. In contrast, loans administered by the department of
5 Hawaiian home lands for the beneficiaries of the Hawaiian Homes
6 Commission Act, 1920, as amended, have maximum terms of thirty
7 years.

8 The purpose of this Act is to increase the allowable loan
9 term for direct loans provided by the department of Hawaiian
10 home lands to forty years, instead of thirty years, as currently
11 outlined in section 215 of the Hawaiian Homes Commission Act,
12 1920, as amended.

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

15 "§215. **Conditions of loans.** Except as otherwise provided
16 in section 213(c), each contract of loan with the lessee or any
17 successor or successors to the lessee's interest in the tract or



1 with any agricultural, mercantile, or aquacultural cooperative
2 association composed entirely of lessees shall be held subject
3 to the following conditions whether or not stipulated in the
4 contract loan:

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



1 limit determined by the department on the basis of the
2 proposed operations and the available security of the
3 lessee or of the organization formed and controlled by
4 lessees; provided that upon the death of a lessee
5 leaving no relative qualified to be a lessee of
6 Hawaiian home lands, or the cancellation of a lease by
7 the department, or the surrender of a lease by the
8 lessee, the department shall make the payment provided
9 for by section 209(a), the amount of any such payment
10 shall be considered as part or all, as the case may
11 be, of any such loan to the successor or successors,
12 without limitation as to the above maximum amounts;
13 provided further that in case of the death of a
14 lessee, or cancellation of a lease by the department,
15 or the surrender of a lease by the lessee, the
16 successor or successors to the tract shall assume any
17 outstanding loan or loans thereon, if any, without
18 limitation as to the above maximum amounts but subject
19 to paragraph (3).

- 20 (2) The loans shall be repaid in periodic installments,
21 such installments to be monthly, quarterly,



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

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



1 paragraph (1). In case of the cancellation of a lease
2 by the department or the surrender of a lease by the
3 lessee, the department may, at its option declare all
4 installments upon the loan immediately due and
5 payable, or permit the successor or successors to the
6 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



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

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



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

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

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



1 Session Laws of Hawaii 2008, take effect with the consent of the
2 United States Congress.

3

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be 'JBL', is written over a horizontal line that serves as a signature line.

S.B. NO. 2647

Report Title:

DHHL; HHCA; Direct Loans; Loan Terms

Description:

Increases the allowable loan term for direct loans provided by the Department of Hawaiian Home Lands to forty years, instead of thirty years, 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.

