

JAN 24 2024

A BILL FOR AN ACT

RELATING TO THE LAHAINA BANK.

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

1 SECTION 1. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 **"CHAPTER**

5 **LAHAINA BANK**

6 § -1 **Definitions.** As used in this chapter, unless the
7 context otherwise requires:

8 "Advisory board" means the advisory board of directors of
9 the Lahaina bank.

10 "Board" means the board of the Lahaina bank.

11 "Financial institution" has the same meaning as in section
12 412:1-109.

13 "Lahaina" means the district defined in section 4-1(2)(D).

14 "Lahaina bank" or "bank" means the financial institution
15 that is established by this chapter.

16 § -2 **Lahaina bank; established.** (a) The Lahaina bank
17 shall be established.



- 1 (b) The purposes of the Lahaina bank shall be to:
- 2 (1) Support economic development and diversification by
- 3 increasing access to capital for businesses, farms,
- 4 intellectual property creators, and renewable
- 5 technologies within Lahaina, other areas of Maui, and
- 6 areas under a federal disaster declaration area as of
- 7 August 8, 2023, in partnership with local financial
- 8 institutions;
- 9 (2) Provide support and stability to the local financial
- 10 sector in Lahaina, and work directly with local
- 11 community banks, credit unions, and other financial
- 12 institutions;
- 13 (3) Provide stability to the local housing market and
- 14 reduce the number of forced sales of distressed
- 15 properties due to the total loss or substantial
- 16 damages to residential and commercial properties;
- 17 (4) Reduce the costs paid by the State for basic banking
- 18 services;
- 19 (5) Return profits, beyond those necessary to accomplish
- 20 the mission and continued sound operation of the bank,
- 21 to underwrite the rebuilding of Lahaina and diversify



1 the economy and invest in environmental, social, and
2 governance parameter investments with the federal
3 disaster area; and

4 (6) Provide home loans for department of Hawaiian home
5 lands' beneficiaries in Lahaina.

6 § -3 **Board of the Lahaina bank; powers and duties.** (a)

7 The board of the Lahaina bank shall operate, manage, and control
8 the Lahaina bank. The board shall locate and maintain places of
9 business of the bank and adopt and enforce rules, orders, and
10 bylaws for the transaction of the bank's business.

11 (b) The board shall consist of five members; provided
12 that:

13 (1) Four members shall:

14 (A) Reside in Lahaina; and

15 (B) Have a background in public financing, community
16 philanthropy, bank management, investment and
17 fund management, and business or economic
18 diversification; and

19 (2) One member shall be from the public at large, who
20 shall be appointed by the governor from a list of
21 three names submitted for each appointment by the



1 president of the senate and speaker of the house of
2 representatives; provided that if fewer than three
3 names are submitted, the governor may disregard the
4 list.

5 The director of budget and finance, or the director's designee,
6 and the commissioner of financial institutions shall serve as ex
7 officio members and shall consult with the department of
8 business, economic development, and tourism and relevant Lahaina
9 civic and business groups. The powers of the board and the
10 functions of the bank shall be implemented through actions taken
11 and policies and rules adopted by the board.

12 (c) The board shall elect a chairperson from among its
13 members. The board shall adopt rules requiring the holding of
14 regular meetings and specifying the means for providing notice
15 of the meetings.

16 (d) Three members of the board shall constitute a quorum
17 to transact business and exercise all rights, duties, and powers
18 of the board.

19 (e) A special meeting may be called at any time upon
20 notice by the governor or by a majority of the board.



1 (f) The board shall appoint a president of the Lahaina
2 bank. The person appointed as president shall have extensive
3 experience in banking. The board may appoint and employ any
4 subordinate officers, employees, and agents as the board deems
5 necessary, and shall define the duties, designate the titles,
6 and fix the compensation of any subordinate officers, employees,
7 and agents. The board may designate the president or other
8 officers or employees as its agent in respect to functions of
9 the bank, subject to the supervision, limitation, and control of
10 the board.

11 (g) The board may remove and discharge any person
12 appointed in the exercise of the powers granted under this
13 chapter.

14 § -4 **Advisory board of directors; appointment and**
15 **duties.** (a) To enlist the help of private enterprise and to
16 encourage active exercise of the Lahaina bank's purposes, the
17 board shall appoint an advisory board of directors that shall
18 consist of eight members.

19 (b) The members of the advisory board shall include
20 representatives of the State's financial, business,
21 agricultural, housing, infrastructure, innovation, climate



1 technology, and labor sectors. At least two members shall be
2 officers of banks, the majority of the stock of which shall be
3 owned by residents of Lahaina as of August 8, 2023.

4 (c) The board shall appoint a chairperson, vice-
5 chairperson, and secretary from the advisory board members. The
6 term of each advisory board member shall be set by the board;
7 provided that each term shall be re-ratified every four years.

8 (d) The advisory board shall:

9 (1) Meet regularly with the management officers of the
10 bank to review the bank's operations and finances to
11 determine whether recommendations should be made by
12 the advisory board to the board relating to improved
13 management performance, better customer service, and
14 overall improvement in internal methods, procedures,
15 and operating policies of the bank;

16 (2) Make recommendations to the board relating to the
17 establishment of additional objectives for the
18 operation of the bank;

19 (3) Make recommendations to the board concerning the
20 appointment of officers of the bank;



1 (4) Meet regularly with the board to present any
2 recommendations concerning the bank; and

3 (5) Participate on loan committees.

4 § -5 **Deposits of public funds.** (a) The Lahaina bank
5 may accept deposits of public funds. Except as otherwise
6 provided in section -6, the bank shall not accept deposits of
7 private funds. All income earned by the bank for its own
8 account on public funds shall be credited to, and become a part
9 of, the revenues and income of the bank.

10 (b) Whenever any public funds are deposited in the bank,
11 the official having control of the public funds and the sureties
12 on the bond of the official shall be exempt from all liability
13 by reason of loss of any of the funds while deposited in the
14 bank.

15 (c) The department of budget and finance shall deposit
16 \$500,000,000 into the bank moneys from the issuance of general
17 obligation bonds or an amount that the department of budget and
18 finance determines is necessary to allow the bank to fulfill its
19 duties under this chapter.

20 § -6 **Powers of the Lahaina bank.** The Lahaina bank may:

21 (1) Make, purchase, guarantee, or hold loans:



- 1 (A) To state chartered or federally chartered lending
- 2 agencies or institutions or other financial
- 3 institutions;
- 4 (B) That are insured or guaranteed in whole or in
- 5 part by the United States, its agencies, or
- 6 instrumentalities;
- 7 (C) Obtained as security pledged for, or originated
- 8 in the restructuring of, any other loan properly
- 9 originated or participated in by the bank; or
- 10 (D) To instrumentalities of the State;
- 11 (2) Purchase participation interests in loans made or held
- 12 by banks, bank holding companies, state chartered or
- 13 federally chartered lending agencies or institutions,
- 14 or any other financial institution or entity that
- 15 provides financial services and meets underwriting
- 16 standards that are generally accepted by state or
- 17 federal financial regulatory agencies;
- 18 (3) Invest its funds in conformity with policies of the
- 19 board and the department of budget and finance;
- 20 (4) Buy and sell federal funds;



- 1 (5) Lease, assign, sell, exchange, transfer, convey,
2 grant, pledge, or mortgage all real and personal
3 property, title to which has been acquired in any
4 manner;
- 5 (6) Perform all acts and do all things necessary,
6 convenient, advisable, or desirable to carry out the
7 powers expressly granted or necessarily implied in
8 this chapter through or by means of its president,
9 officers, agents, or employees, or by contracts with
10 any person, firm, or corporation;
- 11 (7) Purchase, guarantee, or hold loans originated by
12 financial institutions doing business in the State;
- 13 (8) Make loans in the form of participation loans to
14 qualified persons residing in or doing business in the
15 State where the originator of the loan is a private
16 financial institution;
- 17 (9) Act as a custodian bank for financial institutions
18 organized under the laws of the State and accept
19 deposits from the financial institutions in connection
20 with this function;



- 1 (10) Issue bank stock loans to financial institutions
2 organized under the laws of the State;
- 3 (11) For financial institutions that make the bank a
4 reserve depository, perform the functions and render
5 the services of a clearinghouse, including all
6 facilities for providing domestic and foreign exchange
7 and may rediscount paper, on terms prescribed by the
8 board;
- 9 (12) Enter into contractual agreements with local financial
10 institutions to provide mortgage servicing for
11 properties subject to the short-sale program for
12 distressed properties under section -14;
- 13 (13) Enter into contractual agreements with local financial
14 institutions for the purpose of supporting the
15 availability of mortgage servicing by licensees
16 maintaining an office in the State pursuant to section
17 454M-5; and
- 18 (14) Make loans to innovators and businesses with products
19 and businesses located within Lahaina; provided that
20 collateral is insured against loss of value.



1 § -7 **Income; excess earnings.** Except as otherwise
2 provided, by June 30 of each calendar year, the board shall
3 determine the amount of income, if any, earned by the Lahaina
4 bank in that calendar year that is in excess of the amounts
5 necessary to pay for the expenses of administering the
6 activities of the bank. The amount of the excess shall be
7 transferred to the Lahaina community preservation fund under
8 section -15 or other special fund or other protected funds in
9 trust with the department of budget and finance.

10 § -8 **Rulemaking powers.** (a) The board shall adopt
11 rules to:

- 12 (1) Ensure the safety and soundness of the bank that, to
13 the extent possible, reflect applicable standards for
14 safety and soundness set forth in title 12 Code of
15 Federal Regulations part 364;
- 16 (2) Specify the bank's powers and permissible investments
17 and activities;
- 18 (3) Authorize specific services that the bank may provide;
- 19 (4) Specify limits for loans and other obligations the
20 bank makes or undertakes;
- 21 (5) Specify reserve requirements;



1 (6) Effectuate a short-sale program for the purpose of
2 purchasing owner-occupied residential property
3 pursuant to section -14; and

4 (7) Establish other requirements that the board considers
5 necessary.

6 (b) The department of commerce and consumer affairs shall
7 examine the bank not less than once each calendar quarter to
8 verify that the bank is in compliance with board rules adopted
9 under subsection (a). The department shall report the results
10 of the examination to the board and to the legislature. The
11 department's report shall be a public record subject to
12 disclosure.

13 (c) The state auditor shall audit the accounts and
14 financial affairs of the bank not less than once every two
15 years.

16 § -9 **Deposits; guaranteed by State; exempt from**
17 **taxation.** (a) All deposits in the Lahaina bank shall be
18 guaranteed by the State.

19 (b) The deposits and any income earned by the Lahaina bank
20 shall not be subject to state or local taxes.



1 § **-10 Civil actions.** (a) Civil actions may be brought
2 as provided in this section against the State on account of
3 claims for relief asserted to have arisen out of transactions
4 connected with the operation of the Lahaina bank.

5 (b) In an action brought under this section, the State
6 shall be designated as the State of Hawaii, doing business as
7 the Lahaina bank.

8 (c) An action brought under this section may be brought in
9 the same manner and shall be subject to the same laws as other
10 civil actions. The action shall be brought in a circuit court
11 in the State.

12 § **-11 Public officials; exemption from liability.**

13 Whenever any public funds are deposited in the Lahaina bank, the
14 public official who deposited the funds and the sureties on any
15 bond of the public official shall be exempt from liability by
16 reason of loss of any of the funds while the funds are deposited
17 in the Lahaina bank.

18 § **-12 Conduct of business; execution of instruments.**

19 (a) All business of the Lahaina bank shall be conducted under
20 the name of the Lahaina bank. Title to property pertaining to



1 the operation of the bank shall be obtained and conveyed in the
2 name of the Lahaina bank, doing business as the Lahaina bank.

3 (b) Instruments shall be executed in the name of the State
4 of Hawaii. Within the scope of authority granted by the board,
5 the president of the bank may execute instruments on behalf of
6 the bank, including any instrument granting, conveying, or
7 otherwise affecting any interest in or lien upon real or
8 personal property.

9 (c) Other officers or employees of, and legal counsel to,
10 the bank may execute instruments on behalf of the bank when
11 authorized by the board.

12 § -13 **Certain records confidential.** (a) The following
13 records of the Lahaina bank shall be confidential and shall not
14 be disclosed:

15 (1) Commercial or financial information of a customer of
16 the bank, whether obtained directly or indirectly,
17 other than routine credit inquiries concerning
18 information that is required to be disclosed in
19 accordance with due legal process;



1 (2) Internal or interagency memoranda or letters that
2 would not be available by law to a party other than in
3 litigation with the bank; and

4 (3) Except as provided in section -8, information that
5 is contained in or related to a report of an
6 examination or operating or condition reports prepared
7 by, on behalf of, or for the use of, a state or
8 federal agency responsible for the regulation or
9 supervision of any bank activity.

10 (b) For purposes of this section, "customer" means any
11 person that has transacted or is transacting business with, or
12 has used, or is using the services of, the Lahaina bank, or for
13 which the bank has acted or is acting as a fiduciary with
14 respect to trust property.

15 § -14 Short-sale program for distressed properties.

16 Pursuant to rules adopted under section -8, the Lahaina bank
17 shall administer the short-sale program for the continuation of
18 the program under the Hawaii housing finance and development
19 corporation that is established for the purpose of acquiring
20 title to residential property rendered distressed by mortgage,
21 insurance, and other issues arising out of the complete or



1 substantial destruction or impairment of any residential or
2 commercial property affected by the events of the federally
3 declared disaster area of August 2023, which because of the
4 distress, must be sold.

5 § **-15 Lahaina community preservation fund.** There is
6 established in the state treasury the Lahaina community
7 preservation fund, into which shall be deposited the amount of
8 income, if any, earned by the Lahaina bank in each calendar year
9 that is in excess of amounts necessary to pay for expenses of
10 administering the activities of the bank."

11 SECTION 2. Section 36-1, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§36-1 Responsibility for moneys.** [~~The~~] Except for moneys
14 deposited with the Lahaina bank, established pursuant to
15 chapter _____, the director of finance shall be responsible for
16 the safekeeping of all moneys paid into the treasury, and for
17 the proper disbursement and appropriation thereof, pursuant to
18 the laws; and the director shall be liable therefor on the
19 director's official bond, provided that in case of the larceny
20 or embezzlement of any moneys, by any officer of the director's
21 department, or other persons, the director shall be allowed to



1 give that fact, and that the director had no collusive knowledge
2 thereof, in evidence, and the establishment of these facts shall
3 discharge the director from responsibility."

4 SECTION 3. Section 38-1, Hawaii Revised Statutes, is
5 amended by amending the definition of "depository" to read as
6 follows:

7 "Depository includes the Lahaina bank; any federally
8 insured national or state bank, savings and loan association, or
9 financial services loan company; or federal or state credit
10 union insured by the national credit union administration
11 authorized to do business in this State."

12 SECTION 4. Section 412:1-109, Hawaii Revised Statutes, is
13 amended by amending the definition of "depository institution"
14 to read as follows:

15 ""Depository institution" means a financial institution
16 that is authorized to accept deposits under its chartering or
17 licensing authority and includes the Lahaina bank or a bank,
18 savings bank, savings and loan association, depository financial
19 services loan company, credit union, or intra-Pacific bank."

20 SECTION 5. (a) The Hawaii housing finance and development
21 corporation shall establish an interim purchase program for



1 distressed residential and commercial properties encumbered by
2 problematic mortgages, insurance short-fall, and other issues
3 encountered by existing projects that were destroyed or
4 substantially damaged by the August 2023 Lahaina fire that
5 require an owner to sell their distressed property. The Hawaii
6 housing finance and development corporation shall administer the
7 program for the purposes of acquiring title to residential and
8 commercial properties for the public good of the people of
9 Lahaina. It is the intent of the legislature that the interim
10 purchase program address problematic mortgages and distressed
11 properties until the Lahaina bank is fully operational, as
12 established pursuant to this Act.

13 Under the interim purchase program, the Hawaii housing
14 finance and development corporation may purchase residential or
15 commercial property occupied by one or more persons who hold
16 title to the property against which the mortgagee has begun or
17 will begin foreclosure proceedings for mortgage payment
18 shortfalls due to the August 2023 Lahaina wildfire.

19 (b) An owner-occupant who has been using the subject
20 property as a primary residence for a continuous period of not
21 less than two hundred days immediately prior to the date when



1 the owner-occupant received a letter of default on the mortgage,
2 or notice that the owner-occupant's application for a mortgage
3 modification under a federally sponsored program has been
4 denied, shall be entitled to apply for consideration in the
5 purchase program. The application shall conform to rules
6 adopted by the Hawaii housing finance and development
7 corporation and shall include copies of:

- 8 (1) The three most recent billing statements for the
9 mortgage loan;
- 10 (2) The promissory note;
- 11 (3) The mortgage agreement; and
- 12 (4) The letter of default or notice that the owner-
13 occupant's application for a mortgage modification or
14 forbearance has been denied, has ended, or is about to
15 end.

16 (c) Within thirty days of receiving an application
17 pursuant to subsection (b), the Hawaii housing finance and
18 development corporation shall review the application and
19 determine whether the property shall be accepted for further
20 evaluation.



1 If the Hawaii housing finance and development corporation
2 accepts the property for further evaluation, within the
3 thirty-day review period, the corporation shall notify the
4 mortgagee and its agents on record at the bureau of conveyances,
5 including all affiliates that may be reported pursuant to
6 sections 454M-5(a)(4) and 667-58(a), Hawaii Revised Statutes,
7 and any entities purporting to represent the mortgagee, as
8 reflected in the mortgage statements provided in the
9 application. The notice shall describe the purchase program and
10 include details about the program's requirements, as set forth
11 by rules adopted by the Hawaii housing finance and development
12 corporation in accordance with chapter 91, Hawaii Revised
13 Statutes.

14 If the corporation declines to accept the property for
15 further evaluation, the corporation shall provide written
16 notification to the applicant stating the reasons for the
17 determination within the thirty-day review period.

18 (d) Within thirty days of receiving notice under
19 subsection (c), the mortgagee shall submit a written response to
20 the Hawaii housing finance and development corporation. The
21 response shall include:



1 (1) A copy of the promissory note, signed by the
2 mortgagor, including any endorsements, allonges,
3 amendments, or riders to the note evidencing the
4 mortgage debt and the mortgagee's legal right to
5 enforce the note under section 490:3-203(b), Hawaii
6 Revised Statutes, and articles 3 and 9 of the Uniform
7 Commercial Code generally;

8 (2) A copy of the mortgage document and any amendments,
9 riders, or other documentation evidencing the
10 mortgagee's right to foreclose and interest in the
11 property, including any interest as a successor,
12 transferee, or assignee; and

13 (3) A certification under penalty or perjury describing
14 the nature of the mortgagee's legal ownership of the
15 mortgage loan that includes:

16 (A) Information about the chain of possession and the
17 transfer between all holders in due course of the
18 mortgage note from the origination of the
19 mortgage loan to the present mortgagee; provided
20 that descriptions of each transaction that



1 effectuated a transfer of the mortgage note shall
2 include:

3 (i) The names of the individuals involved;

4 (ii) The principal employers and the employers'
5 state of incorporation for the individuals
6 involved;

7 (iii) The authority conferred to the individuals;

8 (iv) The dates on which the mortgage note was
9 negotiated; and

10 (v) The manner in which the note was endorsed;

11 (B) Information about the assignment or transfer of
12 each mortgage agreement, including:

13 (i) The entities assigned the rights to enforce
14 the mortgage agreement;

15 (ii) The individuals who signed documentation to
16 effectuate the transfer and their titles,
17 principal employers, and principal
18 employers' state of incorporation;

19 (iii) A description of the authority conferred to
20 the individuals;



- 1 (iv) The dates on which the mortgage agreements
- 2 were assigned or transferred;
- 3 (v) The manner of the assignment or transfer;
- 4 and
- 5 (vi) A description of the extent to which the
- 6 mortgage agreement transfers or assignments
- 7 coincided with the negotiations or transfers
- 8 of the mortgage note; and
- 9 (C) The bureau of conveyances document number for
- 10 every assignment or transfer of the mortgage note
- 11 or mortgage agreement recorded and a copy of each
- 12 filing.

13 The mortgagee's response shall provide an explanation for any
14 failure to provide any of the items required under this
15 subsection.

16 Failure to respond to a notice received under subsection
17 (d) within seventy-five days shall result in an automatic
18 referral to the department of the attorney general and the
19 department of commerce and consumer affairs for investigation
20 pursuant to subsection (f), as well as to the attorney general
21 of the state within which the mortgagee is incorporated. An



1 automatic referral under this subsection shall operate as an
2 automatic stay on any foreclosure action, pursuant to subsection
3 (f).

4 (e) At any time after receiving a notice of acceptance
5 from the Hawaii housing and finance and development corporation
6 under subsection (c), a mortgagee may elect to participate in
7 the purchase program as a qualified mortgagee, pursuant to rules
8 adopted by the corporation in accordance with chapter 91, Hawaii
9 Revised Statutes.

10 (f) Within forty-five days of receiving the mortgagee's
11 response pursuant to subsection (d), the Hawaii housing finance
12 and development corporation shall determine whether to refer the
13 subject mortgage loan to the department of the attorney general,
14 the department of commerce and consumer affairs, and the
15 attorney general of the state within which the mortgagee is
16 incorporated for a legal investigation and possible action to
17 determine the mortgagee's legal authority to collect on the
18 mortgage indebtedness and enforce the mortgage agreement;
19 provided that if no document was filed or recorded with respect
20 to a given assignment or transfer of the mortgage note or
21 mortgage agreement, or the filing or recording occurred more



1 than months after the assignment or transfer, the
2 corporation shall make the referral.

3 Written notification of the referral for legal
4 investigation pursuant to this section shall operate as a stay
5 of any foreclosure proceeding under chapter 667, Hawaii Revised
6 Statutes, and may be filed in the office of the assistant
7 registrar of the land court under chapter 501, Hawaii Revised
8 Statutes, or recorded in the bureau of conveyances under chapter
9 502, Hawaii Revised Statutes, or both, as appropriate.

10 Upon a stay pursuant to this subsection, a mortgagee shall
11 not foreclose upon a mortgage subject to the stay until the
12 department of the attorney general or the department of commerce
13 and consumer affairs releases the stay by recording a release at
14 the bureau of conveyances, or as otherwise provided by law or
15 court order.

16 If the Hawaii housing finance and development corporation
17 determines that a referral for investigation is not warranted,
18 the corporation shall promptly notify the mortgagee and the
19 owner-occupant applicant before the end of the forty-five day
20 period that the subject property is no longer being evaluated by
21 the purchase program. The notice may be filed in the office of



1 the assistant registrar of the land court under chapter 501,
2 Hawaii Revised Statutes, or recorded in the bureau of
3 conveyances under chapter 502, Hawaii Revised Statutes, or both,
4 as appropriate.

5 Nothing in this subsection shall be construed as preventing
6 a mortgagee from filing a claim in circuit court to lift the
7 stay by order.

8 (g) Terms and conditions for owner-occupants and qualified
9 mortgagees participating in the purchase program shall be set
10 forth by rules adopted by the corporation in accordance with
11 chapter 91, Hawaii Revised Statutes; provided that:

12 (1) If the mortgagee agrees to participate in the purchase
13 program, the stay on any foreclosure process and the
14 referral for investigation made pursuant to subsection
15 (f) shall be withdrawn;

16 (2) If the owner-occupant declines the offer purchase
17 price under paragraph (3), the stay on any foreclosure
18 process and the referral for investigation made
19 pursuant to subsection (f) shall be withdrawn;

20 (3) Upon agreement by the owner-occupant and the qualified
21 mortgagee, the corporation may offer to purchase the



1 subject property from the owner-occupant for a price
2 that shall not exceed seventy-five per cent of the
3 principal balance due on the mortgage loan at the time
4 of the mortgagee's election to participate;

5 (4) The amount of the purchase price of the property shall
6 be paid to the qualified mortgagee and shall be deemed
7 to fully satisfy the subject mortgage debt and release
8 the lien held by the mortgagee;

9 (5) The former owner-occupant shall be permitted to rent
10 the property for a minimum period of six months from
11 the date of transfer at a rate that shall be based
12 upon an independent appraisal of the fair-market rent
13 for the property;

14 (6) The former owner-occupant shall be required to consult
15 with an approved housing counselor or an approved
16 budget and credit counselor as defined under chapter
17 667, Hawaii Revised Statutes;

18 (7) Upon the recommendation of an approved housing
19 counselor or an approved budget and credit counselor,
20 the corporation may offer to sell the subject property
21 back to the former owner-occupant for a price that



1 shall not exceed ninety per cent of the prior
2 mortgagee's mortgage loan balance; provided that the
3 payment plan, which may or may not include a mortgage,
4 is reasonable and affordable to the owner-occupant;
5 and

6 (8) The owner-occupant shall:

7 (A) Be prohibited from selling the property unless it
8 is to the Lahaina bank; and

9 (B) Agree that, upon any resale of the property to a
10 subsequent purchaser, the owner-occupant shall
11 pay the corporation a share of the appreciation
12 represented by the proportion of the price at
13 which the owner-occupant purchased the property
14 from the corporation to the subsequent sale
15 price; provided that the property is sold for
16 fair market value at a price approved by the
17 corporation.

18 (h) Pursuant to rules adopted by the corporation in
19 accordance with chapter 91, Hawaii Revised Statutes, the Hawaii
20 housing finance and development corporation shall provide grants
21 to approved housing counselors and approved budget and credit



1 counselors, as defined under chapter 667, Hawaii Revised
2 Statutes, that are based within the State for the purposes of
3 subsection (g).

4 SECTION 6. The director of finance is authorized to issue
5 general obligation bonds in the sum of \$500,000,000 or so much
6 thereof as may be necessary and the same sum or so much thereof
7 as may be necessary is appropriated for fiscal year 2024-2025 to
8 be deposited with the Lahaina bank for the establishment of the
9 Lahaina bank pursuant to this Act.

10 SECTION 7. The appropriation made for the capital
11 improvement projects authorized by this Act shall not lapse at
12 the end of the fiscal biennium for which the appropriation is
13 made; provided that all moneys from the appropriation
14 unencumbered as of June 30, 2026, shall lapse as of that date.

15 SECTION 8. On the first day of the fiscal year commencing
16 with the establishment of the Lahaina bank, pursuant to this
17 Act, the director of finance shall deposit into the bank a sum
18 of not less than \$500,000,000 of state funds that were held in
19 one or more private institutions on the day preceding the
20 establishment of the Lahaina bank, on behalf of the State.

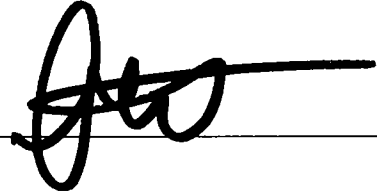


1 SECTION 9. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 10. This Act shall take effect on July 1, 2024.

4

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be 'J. W.', is written over a horizontal line.

S.B. NO. 3231

Report Title:

HHFDC; B+F; Lahaina Bank; Financial Institution; Lahaina Community Preservation Fund; Distressed Property Program; GO Bonds; Appropriation

Description:

Establishes the Lahaina Bank and Lahaina Community Preservation Fund. Directs the Lahaina Bank to administer the Lahaina Community Preservation Fund. Directs the Hawaii Housing Finance and Development Corporation to establish and operate an interim purchase program for distressed properties encumbered by problematic mortgages, insurance short-falls, and other issues caused by the August 2023 Lahaina fire and that require an owner to sell their distressed property until the Lahaina Bank is operational. Authorizes the Director of the Department of Budget and Finance to issue general obligation bonds, the proceeds of which shall be deposited with the Lahaina Bank. Makes an appropriation.

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

