JOSH GREEN, M.D.
GOVERNOR
KE KIAʻĀINA

GOV. MSG. NO. 1316

EXECUTIVE CHAMBERS
KE KEʻENA O KE KIAʻĀINA

July 8, 2026

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawaiʻi 96813

The Honorable Nadine K. Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaiʻi 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on July 8, 2026, the following bill was signed into law:

H.B. NO. 2270, H.D. 1, S.D. 1, C.D. 1 — RELATING TO THE DOWNPAYMENT LOAN ASSISTANCE PROGRAM.
ACT 214

Mahalo,

Josh Green M.D.

Josh Green, M.D.
Governor, State of Hawaiʻi

Approved by the Governor

on JUL 8 2026

HOUSE OF REPRESENTATIVES
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

ACT 214

H.B. NO. 2270 H.D. 1 S.D. 1 C.D. 1

A BILL FOR AN ACT

RELATING TO THE DOWNPAYMENT LOAN ASSISTANCE PROGRAM.

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

SECTION 1. Section 201H-161, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

"(a) The corporation may make downpayment loans, either directly or through a nonprofit organization as defined in section 454F-1, to eligible borrowers who qualify for loans under section 201H-162. The downpayment loan to any one borrower shall not exceed fifteen per cent of the purchase price or appraised value of the residential property or $60,000, whichever is less. [~~In no event shall the loan amount and purchase money mortgage amount exceed one hundred per cent of combined loan-to-value.~~] The interest rate on the loans [~~may range from one per cent to eight per cent, depending on the buyer's income.~~] <u>shall be established by the corporation based on federal program requirements and market conditions.</u>"

2. By amending subsections (c) and (d) to read:

"(c) The principal of the downpayment loan, together with accrued interest, shall be due and payable upon the sale, transfer, or refinancing of the property, or shall be repaid by the borrower in installments as determined by the corporation; provided that the corporation may provide a period in which payments may be waived. <u>The corporation may also forgive all or a portion of the accrued interest, subject to terms and conditions the corporation may establish.</u> The period over which the principal and interest shall be paid need not coincide with the period over which the loan from the mortgage lender for the balance of the purchase price must be repaid. The borrower may repay the whole or any part of the unpaid balance of the downpayment loan, plus accrued interest, at any time without penalty.

(d) The corporation may secure the services of nonprofit organizations, as defined in section 454F-1, <u>as well as financial institutions, mortgage lenders, or other qualified loan originators,</u> to originate the downpayment loans on behalf of the State for an origination fee not in excess of the prevailing loan origination fee amount, as determined by the corporation."

SECTION 2. Section 201H-162, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) No person shall be qualified for a downpayment loan unless the person:

(1) Is a citizen of the United States or a resident alien;

(2) Is at least eighteen years of age;

(3) Is a bona fide resident of the State;

(4) Will physically reside in the residential property to be purchased for the term of the loan;

(5) Is accepted by a mortgage lender as a person to whom it is willing to lend money for the purchase of the residential property provided the required downpayment is made;

(6) Provides a portion of the downpayment, which shall be equal to [~~at least five~~] three per cent of the sales price[~~;~~] and may include any downpayment loan assistance made available by the corporation under this chapter; and

(7) Has successfully completed a homeownership counseling program provided by a housing counseling agency

approved by the United States Department of Housing and Urban Development."

SECTION 3. Section 201H-163, Hawaii Revised Statutes, is amended to read as follows:

"[~~[~~]**§201H-163**[~~]~~] **Restrictions on borrower.** Every loan made under this subpart shall be subject to the following conditions:

(1) The borrower shall expend no portion of the borrower's downpayment loan for purposes other than to [~~make~~]:

(A) Make a downpayment for the purchase of a residential property; or

(B) Pay for closing costs, prepaids, and reserves pursuant to the purchase of the residential property for which the downpayment loan is provided;

(2) The residential property purchased with the downpayment loan and mortgaged to the State to secure the repayment of the loan shall not be sold or assigned without the prior approval in writing of the corporation and the first mortgage lender;

(3) The borrower shall pay when due all taxes, liens, judgments, or assessments that may be lawfully levied against the residential property and all costs and expenses of any foreclosure of the mortgage made to the State;

(4) The borrower shall maintain fire and casualty insurance in amounts equal to the replacement value of all improvements and insurable portions of the residential property with an insurance company authorized to do business in the State. All proceeds of that insurance shall be made payable to the first mortgage lender and the corporation as their respective interests may appear at the time of any loss or damage. Subject to the rules of the corporation, in the event of any loss or damage to the improvements or property covered by the insurance, the proceeds receivable by the State shall be applied toward the reconstruction of the improvements or property destroyed or damaged, unless otherwise determined by the corporation on behalf of the State; and

(5) The borrower shall maintain the improvements in good repair.

All of the conditions in paragraphs (1) through (5) shall be a part of any downpayment mortgage executed under this subpart, regardless of whether or not they are expressly incorporated in the mortgage document."

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

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

H.B. NO. 2270 H.D. 1 S.D. 1 C.D. 1

APPROVED this 8th day of July, 2026

GOVERNOR OF THE STATE OF HAWAII

HB No. 2270, HD 1, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 6, 2026
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2026.

Nadine K. Nakamura
Speaker
House of Representatives

Brian L. Takeshita
Chief Clerk
House of Representatives

H.B. No. 2270, H.D. 1, S.D. 1, C.D. 1

THE SENATE OF THE STATE OF HAWAIʻI

Date: May 6, 2026
Honolulu, Hawaiʻi 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Third Legislature of the State of Hawaiʻi, Regular Session of 2026.

President of the Senate

Clerk of the Senate