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# A BILL FOR AN ACT

RELATING TO THE DOWNPAYMENT LOAN ASSISTANCE PROGRAM.

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

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

3 1. By amending subsection (a) to read:

4 "(a) The corporation may make downpayment loans, either  
5 directly or through a nonprofit organization as defined in  
6 section 454F-1, to eligible borrowers who qualify for loans  
7 under section 201H-162. The downpayment loan to any one  
8 borrower shall not exceed fifteen per cent of the purchase price  
9 or appraised value of the residential property or \$60,000,  
10 whichever is less. [~~In no event shall the loan amount and~~  
11 ~~purchase money mortgage amount exceed one hundred per cent of~~  
12 ~~combined loan to value.~~] The interest rate on the loans may  
13 range from one per cent to eight per cent, depending on the  
14 buyer's income."

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

16 "(c) The principal of the downpayment loan, together with  
17 accrued interest, shall be due and payable upon the sale,



1 transfer, or refinancing of the property, or shall be repaid by  
2 the borrower in installments as determined by the corporation;  
3 provided that the corporation may provide a period in which  
4 payments may be waived. The corporation may also forgive all or  
5 a portion of the accrued interest, subject to terms and  
6 conditions it may establish. The period over which the  
7 principal and interest shall be paid need not coincide with the  
8 period over which the loan from the mortgage lender for the  
9 balance of the purchase price must be repaid. The borrower may  
10 repay the whole or any part of the unpaid balance of the  
11 downpayment loan, plus accrued interest, at any time without  
12 penalty.

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

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



- 1           "(a) No person shall be qualified for a downpayment loan  
2 unless the person:
- 3           (1) Is a citizen of the United States or a resident alien;  
4           (2) Is at least eighteen years of age;  
5           (3) Is a bona fide resident of the State;  
6           (4) Will physically reside in the residential property to  
7           be purchased for the term of the loan;  
8           (5) Is accepted by a mortgage lender as a person to whom  
9           it is willing to lend money for the purchase of the  
10           residential property provided the required downpayment  
11           is made;
- 12           (6) Provides a portion of the downpayment, which shall be  
13           equal to [~~at least five~~] three per cent of the sales  
14           price[+] and may include any downpayment loan  
15           assistance made available by the corporation under  
16           this chapter; and
- 17           (7) Has successfully completed a homeownership counseling  
18           program provided by a housing counseling agency  
19           approved by the United States Department of Housing  
20           and Urban Development."



1 SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on July 1, 3000.



**Report Title:**

HHFDC; Downpayment Loan Assistance Program

**Description:**

Amends the Downpayment Loan Assistance Program by: removing the prohibition on combined loan-to-value ratios; clarifying the Hawaii Housing Finance and Development Corporation's authority to allow payment waivers and interest forgiveness; authorizing financial institutions, mortgage lenders and other loan originators to originate downpayment loans; and reducing the borrower's required personal contribution toward the downpayment. Effective 7/1/3000. (HD1)

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

