
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~~] the maximum loan-to-value[~~-~~] ratio permitted by
13 federal guidelines. The interest rate on the loans may range
14 from one per cent to eight per cent, depending on the buyer's
15 income."

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



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

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



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

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

- 5 (1) Is a citizen of the United States or a resident alien;
6 (2) Is at least eighteen years of age;
7 (3) Is a bona fide resident of the State;
8 (4) Will physically reside in the residential property to
9 be purchased for the term of the loan;
10 (5) Is accepted by a mortgage lender as a person to whom
11 it is willing to lend money for the purchase of the
12 residential property provided the required downpayment
13 is made;
14 (6) Provides a portion of the downpayment [~~which~~] that
15 shall be equal to [~~at least five~~] three per cent of
16 the sales price [~~+~~and], which may include any
17 downpayment loan assistance made available by the
18 corporation under this chapter; and
19 (7) Has successfully completed a homeownership counseling
20 program provided by a housing counseling agency



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

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

5 SECTION 4. This Act shall take effect upon its approval.



Report Title:

HHFDC; Downpayment Loan Assistance Program

Description:

Amends the Downpayment Loan Assistance Program, administered by the Hawaii Housing Finance and Development Corporation, to align with federal requirements and enhance assistance for low- and moderate-income first-time homebuyers. (SD1)

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