

A Bill for an Act Relating to Savings and Loan Associations.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The purpose of this Act is to authorize savings and loan associations to make loans secured by a borrower’s interest in a cooperative housing cooperation and to deal with such interest accordingly.

SECTION 2. Chapter 407, Hawaii Revised Statutes, is amended as follows:

1. Section 407-6 is amended by amending the definition of “home” to read:

““Home” means a real estate held in fee simple or under a lease, upon which is located or upon which is to be located in whole or in part from the proceeds of the loan a dwelling or dwellings for not more than four families, situated on one or more lots; provided that the term “home” shall include real property based on membership in a cooperative housing [corporation]† as defined in section 216 of the federal Internal Revenue Code, as amended. A property does not cease to be a home because of the incidental use of it for business purposes so long as the use of the property as a residence is of a bona fide character.”

2. Section 407-85 is amended to read:

“Sec. 407-85 Loans on homes on leased property. Loans may be made on leased property and the improvements thereon, provided the property conforms to the

†Bracketed “corporation” substituted for “cooperation” to correct manifest clerical error.

definition of a "home" contained in section 407-6, and provided the unexpired term of the lease at the time the loan is made thereon is at least two years beyond the maturity date of the loan. Every such loan shall be secured by mortgage on the leasehold and improvements of the home, the mortgage not to exceed eighty per cent of the unencumbered appraised value thereof. Section 407-83, wherever applicable, shall apply to any loan made under this section. Nothing herein shall prohibit the association from receiving additional security on real estate and other leasehold and improvements thereon from any borrower.

An association may make a loan secured by the stock or a membership certificate in a cooperative housing corporation. As used in sections 407-31(4), 407-87, 407-88, and 407-90, the term "real estate" includes stock or a membership certificate in a cooperative housing corporation together with the proprietary lease issued by such corporation. As used in this section, "cooperative housing corporation" means a corporation as defined in section 216 of the federal Internal Revenue Code, as amended."

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored.*

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

(Approved May 22, 1980.)

*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.