

ACT 255

S.B. NO. 632

A Bill for an Act Relating to Insurance.

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

SECTION 1. Section 431-291, Hawaii Revised Statutes, is amended to read as follows:

“§431-291 Mortgage loans and contracts. An insurer may invest any of its funds in:

- (1) (A) Bonds or evidences of debt which are secured by first [mortgage] mortgages or [deed] deeds of trust on real property[,] located in the United States[,] or Guam which [meets] meet either of the following requirements:
 - (i) Improved, unencumbered real property; or
 - (ii) Unimproved, unencumbered real property, only where the real property is to be improved, and the bond or evidence of debt is secured by a first mortgage or deed of trust on the real property and the improvement to be made thereon.
- (B) Chattel mortgages in connection therewith pursuant to section 431-295;
- (C) The equity of the seller of any such property in the contract for a deed, covering the entire balance due on a bona fide sale of such property, in amount not to exceed \$15,000 or the amount permissible under section 431-283, whichever is greater, in any one such contract for deed, nor in any amount in excess of the following percentages of the actual sale price or fair value of the property, whichever is the smaller:
 - (i) If a dwelling primarily designed for single family occupancy and occupied by the purchaser under such contract, seventy-five per cent.
 - (ii) In all other cases, sixty-six and two-thirds per cent.
- (2) Purchase money mortgages or like securities received by it upon the sale or exchange of real property acquired pursuant to section 431-296.

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- (3) Evidences of debt, secured by mortgage or trust deed guaranteed or insured by an agency of the United States.
- (4) Evidences of debt secured by first mortgages or deeds of trust upon leasehold estates, running for a term of not less than five years beyond the maturity of the loan as made or extended, in improved real property, otherwise unencumbered, and if the mortgagee is entitled to be subrogated to all the rights under the leasehold."

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 24, 1987.)