

## ACT 17

S.B. NO. 928

A Bill for an Act Relating to Financial Services Loan Companies.

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

SECTION 1. Section 412:9-405, Hawaii Revised Statutes, is amended to read as follows:

**“§412:9-405 Loans and extensions of credit fully secured by real property.** (a) For loans and extensions of credit fully secured by real property other than unimproved raw land, a depository financial services loan company may advance, directly or indirectly, up to and including ninety-five per cent of the appraised value or real property evaluation required under the Federal Deposit Insurance Act and the rules and regulations of the Federal Deposit Insurance Corporation of the real property securing the loan and extension of credit. The principal amount of the loan and extension of credit shall be added together with the outstanding balances of all prior liens on the real property to determine the ninety-five per cent loan to value ratio.

(b) For loans and extensions of credit fully secured by mortgages on unimproved raw land, the maximum loan-to-value ratio shall not exceed seventy per cent of the appraised value or real property evaluation required under the Federal Deposit Insurance Act and the rules and regulations of the Federal Deposit Insurance Corporation of the unimproved raw land. Parcels of land with direct access by road and served by electric power shall not be deemed unimproved raw land.

(c) Notwithstanding the provisions of subsections (a) and (b), depository financial services loan companies, which make loans fully secured by real property in excess of twenty per cent of their capital and surplus, shall obtain appraisals of the real property securing those loans.”

SECTION 2. Section 412:9-406, Hawaii Revised Statutes, is repealed.

SECTION 2.<sup>1</sup> Statutory material to be repealed is bracketed.<sup>2</sup> New statutory material is underscored.

SECTION 3.<sup>1</sup> This Act shall take effect upon its approval.

(Approved April 17, 1995.)

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### **Notes**

1. So in original.
2. Edited pursuant to HRS §23G-16.5.