

ACT 32

H.B. NO. 979

A Bill for an Act Relating to Agricultural Loans.

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

SECTION 1. Section 155-1, Hawaii Revised Statutes, is amended by amending the definition of “private lender” to read as follows:

“(6) “Private lender” includes banks, savings and loan associations, credit unions, mortgage companies, and other qualified companies whose business includes the making of loans in the State.”

SECTION 2. Section 155-3, Hawaii Revised Statutes, is amended to read as follows:

“§155-3 Restriction. Loans provided for by this chapter shall be authorized only if these loans cannot be made by two [private] lenders, [a] which may include any of the following:

- (1) Private lenders;
 - (2) Members of the farm credit system [bank, or the]; or
 - (3) The United States Department of Agriculture[, except];
- provided that the board of agriculture may waive this requirement for emergency loans.”

SECTION 3. Section 155-6, Hawaii Revised Statutes, is amended by amending subsections (e) and (f) to read as follows:

“(e) When a participating loan has been approved by the department, its share [shall] may be paid to the participating private lender for disbursement to the borrower. [The private lender shall collect all payments from the borrower and otherwise service the loan.]

(f) Out of interest collected, the private lender may be paid a service fee to be determined by the department which fee shall not exceed one per cent of the unpaid principal balance of the loan[.]; provided that this fee shall not be added to any amount which the borrower is obligated to pay[.]; and further provided that the private lender services the loan.”

SECTION 4. Section 155-9, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

“(d) Class C: Farm operating loans shall be for the purpose of carrying on and improving a farm¹ operation, including:

- (1) The purchase of farm equipment and livestock;
- (2) The payment of production and marketing expenses including materials, labor, and services;
- (3) The payment of living expenses; and
- (4) The liquidation of indebtedness incurred for any of the foregoing purposes.

The loans shall be for an amount not to exceed \$400,000 and for a term not to exceed ten years. To be eligible, an applicant shall derive, or present an acceptable plan to derive, a major portion of the applicant’s income from and devote, or intend to devote, most of the applicant’s time to farming operations.

Qualified farmers affected by state eradication programs may also be eligible for loans under this subsection. Loans made for rehabilitation from eradication programs shall be subject to the terms of class “C” loans; provided that the interest rate shall be three per cent a year and the requirements in section 155-3 shall be waived and paragraph (4) shall not apply.”

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

(Approved April 23, 1999.)

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Note

1. Prior to amendment “farming” appeared here.