

ACT 166

S.B. NO. 584

A Bill for an Act Relating to Mortgages.

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

SECTION 1. The legislature finds that the Hawaii housing finance and development corporation is tasked with developing and financing low- and moderate-income housing projects and administering homeownership programs. One function of the Hawaii housing finance and development corporation is providing mortgages for affordable housing units to qualifying residents.

The legislature further finds that affordable units priced between \$350,000 and \$600,000 might still be unaffordable to first-time buyers without the financial assistance of family and friends. The legislature additionally finds that the “family” of Hawaii’s residents frequently extends to cousins, uncles, aunties, step-parents, and hanai family members who may not be considered family under the definition used by the Hawaii housing finance and development corporation, but who have the financial capacity and the willingness to assist buyers with the down payment or the qualification for a mortgage.

The purpose of this Act is to allow an extended or hanai family member to act as a co-mortgagor in assisting a qualified resident in securing a mortgage to purchase a dwelling unit from the Hawaii housing finance and development corporation.

SECTION 2. Section 201H-46, Hawaii Revised Statutes, is amended to read as follows:

“~~§201H-46~~ **Co-mortgagor.** For purposes of qualifying for a mortgage loan to finance the purchase of a dwelling unit under this part, a ~~[“]qualified resident[”]~~ as defined in section 201H-32 may be assisted by a co-mortgagor who is a family member as defined by the corporation, and who may include extended or hanai family members, who may own other lands in fee simple or leasehold suitable for dwelling purposes, whose interest in the dwelling unit to be purchased is limited to no more than one per cent, and who certifies that the co-mortgagor does not intend to reside in the dwelling unit. The income and assets of the co-mortgagor shall not be counted in determining the eligibility of the ~~[“]qualified resident[”]~~ under this chapter.

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 Statutory material to be repealed is bracketed and stricken.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

SECTION 4. This Act shall take effect on July 1, 2017.

(Approved July 11, 2017.)