

**Report Title:**

Housing Agencies

**Description:**

Further implements division of housing and community development corporation of Hawaii into two separate agencies, the housing finance and development corporation, and the Hawaii public housing authority.





1 "CHAPTER  
2 HAWAII HOUSING FINANCE AND DEVELOPMENT [~~ADMINISTRATION~~]  
3 CORPORATION  
4 PART I. GENERAL PROVISIONS

5 § -1 Definitions. The following terms, wherever used or  
6 referred to in this chapter, shall have the following respective  
7 meanings, unless a different meaning clearly appears from the  
8 context:

9 [~~"Administration" means the Hawaii housing finance and~~  
10 ~~development administration.~~]

11 "Board" means the board of directors of the Hawaii housing  
12 finance and development [~~administration.~~] corporation.

13 "Bonds" means any bonds, interim certificates, notes,  
14 debentures, participation certificates, pass-through  
15 certificates, mortgage-backed obligations, or other evidences of  
16 indebtedness of the [~~administration~~] corporation issued pursuant  
17 to this chapter.

18 "Community facilities" includes: real and personal  
19 property; buildings, equipment, lands, and grounds for  
20 recreational or social assemblies, or educational, health, or  
21 welfare purposes; and necessary or convenient utilities, when



1 designed primarily for the benefit and use of the  
2 [~~administration~~] corporation or the occupants of the dwelling.

3 "Contract" means any agreement of the [~~administration~~]  
4 corporation with an obligee or a trustee for the obligee,  
5 whether contained in a resolution, trust indenture, mortgage,  
6 lease, bond, or other instrument.

7 "Corporation" means the Hawaii housing finance and  
8 development corporation.

9 "Dwelling", "dwelling unit", or "unit" means any structure  
10 or room, for sale, lease, or rent, that provides shelter.

11 [~~"Elder" or "elderly" means a person who is a resident of~~  
12 ~~the state and has attained the age of sixty two years.~~

13 [~~"Elder or elderly households" means households in which at~~  
14 ~~least one member is at least sixty two years of age, the spouse~~  
15 ~~or partner of that member has attained the age of majority, and~~  
16 ~~the remaining members have attained the age of fifty five years~~  
17 ~~at the time of application to a public housing project. A live-~~  
18 ~~in aide shall cease to be a resident therein upon the recovery~~  
19 ~~of, or removal from the project of, the elder.~~

20 [~~"Elder or elderly housing" means:~~

21 (1) ~~A housing project intended for and occupied by elder~~  
22 ~~or elderly households; or~~



1       ~~(2) Housing provided under any state or federal program~~  
2           ~~that the Secretary of the United States Department of~~  
3           ~~Housing and Urban Development determines is~~  
4           ~~specifically designed and operated to assist elders or~~  
5           ~~elderly persons, which, upon a determination by the~~  
6           ~~Secretary, may also be occupied by persons with~~  
7           ~~disabilities who have reached the age of majority.]~~

8           "Executive director" means the executive director of the  
9 Hawaii housing finance and development ~~[administration.]~~  
10 corporation.

11          "Federal government" includes the United States and any  
12 agency or instrumentality, corporate or otherwise, of the United  
13 States.

14          "Government" includes the State and the United States and  
15 any political subdivision, agency, or instrumentality, corporate  
16 or otherwise, of either of them.

17          "Household member" means a person who:

- 18           (1) Is a co-applicant; or  
19           (2) Will reside in the dwelling unit purchased or leased  
20           from the corporation.

21          "Housing project" or "project" includes all real and  
22 personal property, buildings and improvements, commercial



1 spaces, lands for farming and gardening, and community  
2 facilities acquired or constructed or to be acquired or  
3 constructed, and all tangible or intangible assets held or used  
4 in connection with the housing project.

5 The term "housing project" or "project" may also be applied  
6 to the planning of the buildings and improvements, the  
7 acquisition of property by purchase, lease, or otherwise, the  
8 demolition of existing structures, the construction,  
9 reconstruction, alteration, and repair of the improvements, and  
10 all other work in connection therewith.

11 "Land" or "property" includes vacant land or land with site  
12 improvements, whether partially or entirely finished in  
13 accordance with governmental subdivision standards, or with  
14 complete dwellings.

15 "Live-in aide" means a person who:

- 16 (1) Is eighteen years of age or older;
- 17 (2) Is living in the unit solely to assist the elder or  
18 elderly person in daily living activities, including  
19 bathing, meal preparation and delivery, medicinal  
20 care, transportation, and physical activities;
- 21 (3) Is not legally obligated to support the elder or  
22 elderly person; and



1 (4) Is verified by the [~~administration~~] corporation as  
2 meeting these requirements.

3 "Mortgage holder" includes the United States Department of  
4 Housing and Urban Development, Federal Housing Administration,  
5 the United States Department of Agriculture, or other federal or  
6 state agency engaged in housing activity, [~~Administrator of~~  
7 United States Department of Veterans Affairs, Federal National  
8 Mortgage Association, Government National Mortgage Association,  
9 Federal Home Loan Mortgage Corporation, private mortgage lender,  
10 private mortgage insurer, and their successors, grantees, and  
11 assigns.

12 "Mortgage lender" means any bank, trust company, savings  
13 bank, national banking association, savings and loan  
14 association, building and loan association, mortgage banker,  
15 credit union, insurance company, or any other financial  
16 institution, or a holding company for any of the foregoing,  
17 that:

- 18 (1) Is authorized to do business in the State;
- 19 (2) Customarily provides service or otherwise aids in the  
20 financing of mortgages on single-family or multifamily  
21 residential property; and



1           (3) Is a financial institution whose accounts are  
2           federally insured or is an institution that is an  
3           approved mortgagee for the Federal Housing  
4           Administration, an approved lender for the United  
5           States Department of Veterans Affairs or the United  
6           States Department of Agriculture, or an approved  
7           mortgage loan servicer for the Federal National  
8           Mortgage Association or the Federal Home Loan Mortgage  
9           Corporation.

10           "Nonprofit organization" means a corporation, association,  
11           or other duly chartered entity that is registered with the State  
12           and has received a written determination from the Internal  
13           Revenue Service that it is exempt under either section  
14           501(c)(3), section 501(c)(4), or so much of section 501(c)(2) as  
15           applied to title holding corporations that turn over their  
16           income to organizations that are exempt under either section  
17           501(c)(3) or 501(c)(4), of the Internal Revenue Code of 1986, as  
18           amended.

19           "Obligee of the [~~administration~~] corporation" or "obligee"  
20           includes any bondholder, trustee or trustees for any  
21           bondholders, any lessor demising property to the  
22           [~~administration~~] corporation used in connection with a housing





1 project, or any assignee or assignees of the lessor's interest  
2 or any part thereof, and the United States, when it is a party  
3 to any contract with the [~~administration.~~] corporation.

4 "Real property" includes lands, land under water,  
5 structures, and any and all easements, franchises, and  
6 incorporeal hereditaments and every estate and right therein,  
7 legal and equitable, including terms for years and liens by way  
8 of judgment, mortgage, or otherwise.

9 "Trustee" means a national or state bank or trust company  
10 located within or outside the State that enters into a trust  
11 indenture.

12 "Trust indenture" means an agreement by and between the  
13 [~~administration~~] corporation and the trustee, which sets forth  
14 the duties of the trustee with respect to the bonds, the  
15 security therefor, and other provisions as deemed necessary or  
16 convenient by the corporation to secure the bonds.

17 **§ -2 Hawaii housing finance and development**

18 [~~administration,~~] corporation; establishment, staff. (a) There  
19 is established the Hawaii housing finance and development  
20 [~~administration~~] corporation to be placed within the department  
21 of business, economic development, and tourism for



1 administrative purposes only. The [~~administration~~] corporation  
2 shall be a public body and a body corporate and politic.

3 (b) The [~~administration~~] corporation shall employ, exempt  
4 from chapter 76 and section 26-35(a)(4), an executive director  
5 and an executive assistant. [~~The executive director shall be~~  
6 ~~paid a salary not to exceed eighty five per cent of the salary~~  
7 ~~of the director of human resources development. The executive~~  
8 ~~assistant shall be paid a salary not to exceed ninety per cent~~  
9 ~~of the executive director's salary.] The corporation shall set  
10 the salary of the executive director and executive assistant,  
11 subject to the approval of the governor. The [~~administration~~]  
12 corporation may employ, subject to chapter 76, technical experts  
13 and officers, agents, and employees, permanent and temporary, as  
14 required. The [~~administration~~] corporation may also employ  
15 officers, agents, and employees, prescribe their duties and  
16 qualifications, and fix their salaries, not subject to chapter  
17 76, when in the determination of the [~~administration,~~]  
18 corporation, the services to be performed are unique and  
19 essential to the execution of the functions of the  
20 [~~administration.]~~ corporation. The [~~administration~~] corporation  
21 may call upon the attorney general or retain counsel for legal  
22 services as it may require. The [~~administration~~] corporation~~



1 may delegate to one or more of its agents or employees its  
2 powers and duties as it deems proper.

3       **§ -3 Board; establishment, functions, duties. (a)**

4 There is created a board of directors of the Hawaii housing  
5 finance and development [~~administration~~] corporation consisting  
6 of nine members, of whom six shall be public members appointed  
7 by the governor as provided in section 26-34. At least four of  
8 the public members shall have knowledge and expertise in public  
9 or private finance and development of affordable housing.

10 Public members shall be appointed from each of the counties of  
11 Honolulu, Hawaii, Maui, and Kauai. At least one public member  
12 shall represent community advocates for low-income housing,  
13 affiliated with private nonprofit organizations that serve the  
14 residents of low-income housing. The public members of the  
15 board shall serve four-year staggered terms; provided that the  
16 initial appointments shall be as follows:

- 17       (1) Two members to be appointed for four years;  
18       (2) Two members to be appointed for three years; and  
19       (3) Two members to be appointed for two years.

20 The director of business, economic development, and tourism and  
21 the director of finance, or their designated representatives, and  
22 a representative of the governor's office, shall be [~~an~~] ex



1 officio voting [~~member.~~] members. The [~~administration]~~  
2 corporation shall be headed by the board.

3 (b) The board of directors shall select a chairperson and  
4 vice chairperson from among its members; provided that the  
5 chairperson shall be a public member. The director of business,  
6 economic development, and tourism, director of finance, and the  
7 governor's representative shall be ineligible to serve as  
8 chairperson of the board.

9 (c) Five members shall constitute a quorum, whose  
10 affirmative vote shall be necessary for all actions by the  
11 [~~administration.~~] corporation. The members shall receive no  
12 compensation for services, but shall be entitled to necessary  
13 expenses, including travel expenses, incurred in the performance  
14 of their duties.

15 **§ -4 General powers.** (a) The [~~administration]~~  
16 corporation may:

- 17 (1) Sue and be sued;
- 18 (2) Have a seal and alter the same at pleasure;
- 19 (3) Make and execute contracts and other instruments  
20 necessary or convenient to the exercise of its powers;  
21 and



1 (4) Adopt bylaws and rules in accordance with chapter 91  
2 for its organization, internal management, and to  
3 carry into effect its purposes, powers, and programs.

4 (b) In addition to other powers conferred upon it, the  
5 [~~administration~~] corporation may do all things necessary and  
6 convenient to carry out the powers expressly provided in this  
7 chapter.

8 § -5 **Fair housing law to apply.** Notwithstanding any law  
9 to the contrary, the provisions of chapter 515 shall apply in  
10 administering this chapter.

11 § -6 **Housing advocacy and information system.** (a) The  
12 [~~administration,~~] corporation, with the assistance of other  
13 agencies of the State and counties with related  
14 responsibilities, shall develop and maintain a housing advocacy  
15 and information system to aid the [~~administration~~] corporation  
16 in meeting the needs and demands of housing consumers.

17 (b) In establishing and maintaining the housing advocacy  
18 and information system, the [~~administration~~] corporation shall  
19 conduct market studies, engage in community outreach, and  
20 solicit recommendations from and statistics and research  
21 developed by agencies of the United States, the State, the  
22 counties, private research organizations, nonprofit community



1 groups, trade associations, including those of the construction  
2 and real estate industries, departments, individuals at the  
3 University of Hawaii, and housing consumers.

4 (c) The [~~administration~~] corporation shall analyze the  
5 information received and make recommendations to the appropriate  
6 agencies and developers.

7 (d) The [~~administration,~~] corporation, through the housing  
8 advocacy and information system, shall act as a clearinghouse  
9 for information relating to housing conditions, needs, supply,  
10 demand, characteristics, developments, trends in federal housing  
11 programs, and housing laws, ordinances, rules, and regulations.

12 (e) The housing advocacy and information system may be  
13 used by housing researchers, planners, administrators, and  
14 developers and shall be coordinated with other housing research  
15 efforts. The [~~administration~~] corporation shall maintain a  
16 current supply of information, including means to gather new  
17 information through surveys, contracted research, and  
18 investigations.

19 **§ -7 Housing research.** (a) The [~~administration~~]  
20 corporation may study the plans of any government in relation to  
21 the problem of clearing, replanning, or reconstructing an area



1 in which unsafe or unsanitary public dwelling or public housing  
2 conditions exist.

3 (b) The [~~administration~~] corporation may purchase  
4 materials for the development of land and the construction of  
5 dwelling units in the manner it concludes to be most conducive  
6 to lower costs, including purchase from other states or from  
7 foreign countries for drop shipment in the State or on cost-plus  
8 contracts for materials with persons or firms doing business in  
9 the State, or otherwise.

10 (c) The [~~administration~~] corporation may conduct, or cause  
11 to be conducted, research on housing needs, materials, design,  
12 or technology, and apply the findings of the investigation to  
13 housing projects, including the following:

14 (1) Sociocultural investigation of housing and community  
15 utilization, preferences, or needs of residents within  
16 the housing need classification of the housing  
17 functional plan;

18 (2) Development of technology for the application of  
19 innovative building systems or materials, to provide  
20 energy or resource conservation or cost savings in the  
21 construction or operation of a housing project;



1 (3) Investigation of the applicability of locally-produced  
2 building materials and systems to dwelling unit  
3 construction;

4 (4) Investigation of new forms of project construction,  
5 maintenance, operation, financing, or ownership,  
6 involving tenants, homeowners, financing agencies, and  
7 others; or

8 (5) Other necessary or appropriate research that may lower  
9 the long-term costs of housing, conserve resources, or  
10 create communities best suited to the needs of  
11 residents.

12 (d) In the development and construction of a housing  
13 project, the [~~administration~~] corporation may provide for an on-  
14 the-job training program or other projects as it may deem  
15 justifiable, including innovative projects to develop a larger  
16 qualified work force in the State.

17 **§ -8 Housing counseling.** The [~~administration~~]  
18 corporation may provide the following services for the programs  
19 it administers:

20 (1) Listing and referral services to tenants seeking to  
21 rent homes;





- 1           (2)   Counseling to tenants on matters such as financial  
2                   management and budgeting, basic housekeeping,  
3                   communicating effectively and getting along with  
4                   others, and other matters as may be desirable or  
5                   necessary;
- 6           (3)   Counseling to prospective homeowners on the rudiments  
7                   of owning a home;
- 8           (4)   Assistance to any person or government agency  
9                   regarding the nature and availability of federal  
10                  assistance for housing development and community  
11                  development or redevelopment;
- 12          (5)   Counseling and guidance services to aid: any person  
13                  or government agency in securing the financial aid or  
14                  cooperation of the federal government in undertaking,  
15                  constructing, maintaining, operating, or financing any  
16                  housing designated for elders; persons displaced by  
17                  governmental action; university and college students  
18                  and faculty; and any other persons; and
- 19          (6)   Assistance to a county agency upon request from the  
20                  agency in the development of programs to correct or  
21                  eliminate blight and deterioration and to effect  
22                  community development.



1           **§ -9 Acquisition, use, and disposition of property.** (a)

2 The [~~administration~~] corporation may acquire any real or  
3 personal property or interest therein by purchase, exchange,  
4 gift, grant, lease, or other means from any person or government  
5 to provide housing. Exchange of real property shall be in  
6 accordance with section 171-50.

7           (b) The [~~administration~~] corporation may own or hold real  
8 property. All real property owned or held by the  
9 [~~administration~~] corporation shall be exempt from mechanic's or  
10 materialman's liens and also from levy and sale by virtue of an  
11 execution, and no execution or other judicial process shall  
12 issue against the same nor shall any judgment against the  
13 [~~administration~~] corporation be a charge or lien upon its real  
14 property; provided that this subsection shall not apply to or  
15 limit the right of obligees to foreclose or otherwise enforce  
16 any mortgage of the [~~administration~~] corporation or the right of  
17 obligees to pursue any remedies for the enforcement of any  
18 pledge or lien given by the [~~administration~~] corporation on its  
19 rents, fees, or revenues. The [~~administration~~] corporation and  
20 its property shall be exempt from all taxes and assessments.

21           (c) The [~~administration~~] corporation may lease or rent all  
22 or a portion of any housing project and establish and revise the



1 rents or charges therefor. The [~~administration~~] corporation may  
2 sell, exchange, transfer, assign, or pledge any property, real  
3 or personal, or any interest therein to any person or  
4 government.

5 (d) The [~~administration~~] corporation may insure or provide  
6 for the insurance of its property or operations against risks as  
7 it deems advisable.

8 **§ -10 Cooperative agreements with other governmental**  
9 **agencies.** (a) The [~~administration~~] corporation may:

10 (1) Obtain the aid and cooperation of governmental  
11 agencies in the planning, construction, and operation  
12 of [~~public~~] housing projects and enter into agreements  
13 and arrangements as it deems advisable to obtain aid  
14 and cooperation;

15 (2) Arrange or enter into agreements with any governmental  
16 agency for the acquisition of property, options, or  
17 property rights or for the furnishing, installing,  
18 opening, or closing of streets, roads, alleys,  
19 sidewalks, or other places, or for the furnishing of  
20 property, services, parks, sewage, water, and other  
21 facilities in connection with housing projects, or for  
22 the changing of the map of a political subdivision or



1 the planning, replanning, zoning, or rezoning of any  
2 part of a political subdivision;

3 (3) Procure insurance or guarantees from any governmental  
4 agency for the payment of any debts or parts thereof  
5 incurred by the [~~administration,~~] corporation,  
6 including the power to pay premiums on any such  
7 insurance; and

8 (4) Agree to make payments to any state or county agency,  
9 if the agency is authorized to accept payments, as the  
10 [~~administration~~] corporation deems consistent with the  
11 maintenance of the character of housing projects or  
12 the purposes of this chapter.

13 (b) For the purpose of aiding and cooperating in the  
14 planning, construction, and operation of housing projects  
15 located within their respective territorial boundaries, any  
16 state or county agency, upon those terms, with or without  
17 consideration, as it determines, may:

18 (1) Dedicate, grant, sell, convey, or lease any of its  
19 property or grant easements, licenses, or any other  
20 rights or privileges therein to the [~~administration~~]  
21 corporation or to the federal government;



- 1           (2) To the extent that it is within the scope of the  
2           agency:
- 3           (A) Cause the services customarily provided by the  
4           agency to be rendered for the benefit of housing  
5           projects and the occupants thereof;
- 6           (B) Provide and maintain parks and sewage, water,  
7           lights, and other facilities adjacent to or in  
8           connection with housing projects;
- 9           (C) Open, close, pave, install, or change the grade  
10          of streets, roads, roadways, alleys, sidewalks,  
11          or other related facilities; and
- 12          (D) Change the map of a political subdivision or  
13          plan, replan, zone, or rezone any part of a  
14          political subdivision;
- 15          (3) Enter into agreements with the [~~administration~~]  
16          corporation with respect to the exercise of their  
17          powers relating to the repair, closing, or demolition  
18          of unsafe, unsanitary, or unfit dwellings;
- 19          (4) Employ, notwithstanding any other law as to what  
20          constitutes legal investments, any available funds  
21          belonging to them or within their control, including  
22          funds derived from the sale or furnishing of property



1 or facilities to the [~~administration,~~] corporation, in  
2 the purchase of bonds or other obligations of the  
3 [~~administration~~] corporation to the extent provided  
4 under section [~~201G-1617~~] -61; and exercise all the  
5 rights of any holder of the bonds or other  
6 obligations;

7 (5) Do any and all things necessary or convenient to aid  
8 and cooperate in the planning, undertaking, and  
9 construction of such housing projects; and

10 (6) Enter into contracts with the [~~administration~~]  
11 corporation or the federal government for any period  
12 agreeing to exercise any of the powers conferred  
13 hereby or to take any other action in aid of such  
14 housing projects.

15 In connection with the exercise of this power, any  
16 political subdivision may incur the entire expense of any such  
17 public improvements located within its territorial boundaries  
18 without assessment against abutting property owners.

19 For the purpose of aiding and cooperating in the planning,  
20 construction, and operation of housing projects, the department  
21 of land and natural resources, the Hawaiian homes commission,  
22 and any other agency of the State having power to manage or



1 dispose of its public lands, with the approval of the governor  
2 and with or without consideration, may grant, sell, convey, or  
3 lease, for any period, any parts of such public lands, without  
4 limit as to area, to the [~~administration~~] corporation or to the  
5 federal government.

6 Any law to the contrary notwithstanding, any gift, grant,  
7 sale, conveyance, lease, or agreement provided for in this  
8 section may be made by the state or county government without  
9 appraisal, public notice, advertisement, or public bidding.

10 If at any time title to, or possession of, any housing  
11 project is held by any governmental agency authorized by law to  
12 engage in the development or administration of low-rent housing  
13 or slum clearance projects, any agreement made under this  
14 chapter relating to the project shall inure to the benefit of  
15 and may be enforced by that governmental agency.

16 Insofar as this subsection is inconsistent with the  
17 provisions of any other law, this subsection shall be  
18 controlling.

19 (c) Any county in which a public housing project is  
20 located or is about to be located may make donations or advances  
21 to the [~~administration~~] corporation in sums as the county in its  
22 discretion may determine. The advances or donations shall be



1 made for the purpose of aiding or cooperating in the  
2 construction and operation of the housing project. The  
3 [~~administration,~~] corporation, when it has money available  
4 therefor, shall reimburse the county for all advances made by  
5 way of a loan to it.

6       **§ -11 Agents, including corporations.** The  
7 [~~administration~~] corporation may exercise any or all of the  
8 powers conferred upon it, either generally or with respect to  
9 any specific housing project through an agent that it may  
10 designate, including any corporation that is formed under the  
11 laws of this State, and for such purposes the [~~administration~~]  
12 corporation may cause one or more corporations to be formed  
13 under the laws of this State or may acquire the capital stock of  
14 any corporation. Any corporate agent, all of the stock of which  
15 shall be owned by the [~~administration~~] corporation or its  
16 nominee, to the extent permitted by law, may exercise any of the  
17 powers conferred upon the [~~administration~~] corporation in this  
18 chapter.

19       **§ -12 Development of property.** (a) The  
20 [~~administration,~~] corporation, in its own behalf or on behalf of  
21 any federal, state, or county agency, may:

22       (1) Clear, improve, and rehabilitate property;





1 (2) Plan, develop, construct, and finance housing  
2 projects; and  
3 (3) In cooperation with the department of education and  
4 department of accounting and general services, plan  
5 educational facilities and related infrastructure as a  
6 necessary and integral part of its public housing  
7 projects, using all its innovative powers toward  
8 achieving that end expeditiously and economically;  
9 provided that the educational facilities comply with  
10 the department of education's educational  
11 specifications, timelines, and siting requirements.

12 (b) The [~~administration~~] corporation may develop public  
13 land in an agricultural district subject to the prior approval  
14 of the land use commission, when developing lands greater than  
15 fifteen acres in size, and public land in a conservation  
16 district subject to the prior approval of the board of land and  
17 natural resources. The [~~administration~~] corporation shall not  
18 develop state monuments or historical sites or parks. When the  
19 [~~administration~~] corporation proposes to develop public land, it  
20 shall file with the department of land and natural resources a  
21 petition setting forth such purpose. The petition shall be



1 conclusive proof that the intended use is a public use superior  
2 to that which the land has been appropriated.

3 (c) The [~~administration~~] corporation may develop or assist  
4 in the development of federal lands with the approval of  
5 appropriate federal authorities.

6 (d) The [~~administration~~] corporation shall not develop any  
7 public land where the development may endanger the receipt of  
8 any federal grant, impair the eligibility of any public body for  
9 a federal grant, prevent the participation of the federal  
10 government in any government program, or impair any covenant  
11 between the government and the holder of any bond issued by the  
12 government.

13 (e) The [~~administration~~] corporation may contract or  
14 sponsor with any county, housing authority, or person, subject  
15 to the availability of funds, an experimental or demonstration  
16 housing project designed to meet the needs: of elders; the  
17 disabled; displaced or homeless persons; low- and moderate-  
18 income persons; teachers or other government employees; or  
19 university and college students and faculty.

20 **§ -13 Eminent domain, exchange or use of public**  
21 **property.** The [~~administration~~] corporation may acquire any real  
22 property, including fixtures and improvements, or interest



1 therein: through voluntary negotiation; through exchange of  
2 land in accordance with section 171-50, provided that the public  
3 land to be exchanged need not be of like use to that of the  
4 private land; or by the exercise of the power of eminent domain  
5 which it deems necessary by the adoption of a resolution  
6 declaring that the acquisition of the property described therein  
7 is in the public interest and required for public use. The  
8 [~~administration~~] corporation shall exercise the power of eminent  
9 domain granted by this section in the same manner and procedure  
10 as is provided by chapter 101 and otherwise in accordance with  
11 all applicable provisions of the general laws of the State;  
12 provided that condemnation of parcels greater than fifteen acres  
13 shall be subject to legislative disapproval expressed in a  
14 concurrent resolution adopted by majority vote of the senate and  
15 the house of representatives in the first regular or special  
16 session following the date of condemnation.

17 The [~~administration~~] corporation may acquire by the  
18 exercise of the power of eminent domain property already devoted  
19 to a public use; provided that no property belonging to any  
20 government may be acquired without its consent, and that no  
21 property belonging to a public utility corporation may be  
22 acquired without the approval of the public utilities



1 commission, and subject to legislative disapproval expressed in  
2 a concurrent resolution adopted by majority vote of the senate  
3 and the house of representatives in the first regular or special  
4 session following the date of condemnation.

5       **§ -14 Contracts with federal government.** (a) The  
6 [~~administration~~] corporation may:

- 7       (1) Borrow money or accept grants from the federal  
8           government for or in aid of any housing project that  
9           the [~~administration~~] corporation is authorized to  
10          undertake;
- 11       (2) Take over any land acquired by the federal government  
12           for the construction or operation of a housing project  
13           with the approval of the federal government or at the  
14           request of the federal government;
- 15       (3) Procure insurance or guarantees from the federal  
16           government of the payment of any debts or parts  
17           thereof secured by mortgages made or held by the  
18           [~~administration~~] corporation on any property included  
19           in any housing project; [~~and~~]
- 20       (4) Comply with any conditions required by the federal  
21           government in any contract for financial  
22           assistance[~~-~~]; and



1 (b) It is the purpose and intent of this part to authorize  
2 the [~~administration~~] corporation to do any and all things  
3 necessary to secure the financial aid and the cooperation of the  
4 federal government in the undertaking, construction,  
5 maintenance, and operation of any housing project that the  
6 [~~administration~~] corporation is empowered to undertake.

7 **§ -15 Administration of low-income housing credit**  
8 **allowed under section 235-110.8.** (a) The [~~administration~~]  
9 corporation is designated as a state housing credit agency to  
10 carry out section 42(h) (with respect to limitation on aggregate  
11 credit allowable with respect to a project located in a state)  
12 of the Internal Revenue Code of 1986, as amended. As a state  
13 housing credit agency, the [~~administration~~] corporation shall  
14 determine the eligibility basis for a qualified low-income  
15 building, make the allocation of housing credit dollar amounts  
16 within the State, and determine the portion of the State's  
17 housing credit ceiling set aside for projects involving  
18 qualified nonprofit organizations. The [~~administration~~]  
19 corporation shall file any certifications and annual reports  
20 required by section 42 (with respect to low-income housing  
21 credit) of the Internal Revenue Code of 1986, as amended.



1 (b) The state aggregate housing credit dollar amount shall  
2 be allocated annually as required by section 42 of the Internal  
3 Revenue Code of 1986, as amended, by the [~~administration~~]  
4 corporation in an amount equal to \$1.25 multiplied by the state  
5 population in the calendar year or such greater or lesser amount  
6 as provided by section 42(h) of the Internal Revenue Code of  
7 1986, as amended.

8 (c) The [~~administration~~] corporation shall adopt rules  
9 under chapter 91 necessary to comply with federal and state  
10 requirements for determining the amount of the tax credit  
11 allowed under section 42 of the Internal Revenue Code of 1986,  
12 as amended, and section 235-110.8. The [~~administration~~]  
13 corporation may establish and collect reasonable fees for  
14 administrative expenses incurred in providing the services  
15 required by this section, including fees for processing  
16 developer applications for the credit. All fees collected for  
17 administering these provisions, including developer application  
18 fees, shall be used to cover the administrative expenses of the  
19 [~~administration.~~] corporation.

20 (d) All claims for allocation of the low-income housing  
21 credit under section 235-110.8 shall be filed with the  
22 [~~administration.~~] corporation. The [~~administration~~] corporation



1 shall determine the amount of the credit allocation, if  
2 necessary, and return the claim to the taxpayer. The taxpayer  
3 shall file the credit allocation with the taxpayer's tax return  
4 with the department of taxation.

5       **§ -16 Administration of federal programs.** (a) The  
6 [~~administration~~] corporation may carry out federal programs  
7 designated to be carried out by a housing finance or housing  
8 development entity.

9       (b) The [~~administration~~] corporation shall adopt necessary  
10 rules in accordance with chapter 91, including the establishment  
11 and collection of reasonable fees for administering the program,  
12 to carry out any federal program in subsection (a).

13       (c) All fees collected for administering the program may  
14 be deposited into an appropriate special fund of the  
15 [~~administration~~] corporation and may be used to cover the  
16 administrative expenses of the [~~administration.~~] corporation.

17       **§ -17 Federal funds outside of state treasury.**

18 Notwithstanding chapter 38, the [~~administration~~] corporation may  
19 establish and manage federal funds outside of the state treasury  
20 to be used for federal housing programs. The [~~administration~~]  
21 corporation shall invest those funds in permitted investments in  
22 accordance with chapter 36.



1           **§ -18 Public works contracts.** The [~~administration~~]  
2 corporation may make, execute, and carry out contracts for, or  
3 in connection with, any housing project in the manner provided  
4 under chapter 103D and section 103-53; provided that with regard  
5 to the contracts, the term "officers", as used in chapter 103D,  
6 shall mean the [~~administration~~] corporation or officer  
7 authorized by the [~~administration~~] corporation to act as its  
8 contracting officer. Unless made and executed in the name of  
9 the State, each contract made and executed as authorized in this  
10 section shall state therein that it is so made and executed.

11           **§ -19 Remedies of an obligee: mandamus; injunction;**  
12 **possessory action; receiver; accounting; etc.** An obligee of the  
13 [~~administration~~] corporation shall have the right, in addition  
14 to all other rights that may be conferred on the obligee subject  
15 only to any contractual restrictions binding upon the obligee,  
16 and subject to the prior and superior rights of others:

17           (1) By mandamus, suit, action, or proceeding in law or  
18 equity to compel the [~~administration,~~] corporation,  
19 and the members, officers, agents, or employees  
20 thereof to perform each and every item, provision, and  
21 covenant contained in any contract of the corporation,  
22 and to require the carrying out of any or all





- 1 covenants and agreements of the [~~administration~~]  
2 corporation and the fulfillment of all duties imposed  
3 upon the [~~administration~~] corporation by this chapter;
- 4 (2) By suit, action, or proceeding in equity to enjoin any  
5 acts or things that may be unlawful, or the violation  
6 of any of the rights of the obligee of the  
7 [~~administration;~~] corporation;
- 8 (3) By suit, action, or proceeding in any court of  
9 competent jurisdiction to cause possession of any  
10 housing project or any part thereof to be surrendered  
11 to any obligee having the right to possession pursuant  
12 to any contract of the [~~administration;~~] corporation;
- 13 (4) By suit, action, or proceeding in any court of  
14 competent jurisdiction, upon the happening of an event  
15 of default (as defined in a contract of the  
16 [~~administration~~],) corporation, to obtain the  
17 appointment of a receiver of any housing project of  
18 the [~~administration~~] corporation or any part or parts  
19 thereof, and if the receiver is appointed, the  
20 receiver may enter and take possession of the housing  
21 project or any part or parts thereof and operate and  
22 maintain same, and collect and receive all fees,



1 rents, revenues, or other charges thereafter arising  
2 therefrom in the same manner as the [~~administration~~]  
3 corporation itself might do and shall keep the moneys  
4 in a separate account or accounts and apply the same  
5 in accordance with the obligations of the  
6 [~~administration~~] corporation as the court shall  
7 direct; and

8 (5) By suit, action, or proceeding in any court of  
9 competent jurisdiction to require the [~~administration~~]  
10 corporation and the members thereof to account as if  
11 it and they were the trustees of an express trust.

12 **§ -20 Subordination of mortgage to agreement with**  
13 **government.** The [~~administration~~] corporation may agree in any  
14 mortgage made by it that the mortgage shall be subordinate to a  
15 contract for the supervision by a governmental agency of the  
16 operation and maintenance of the mortgaged property and the  
17 construction of improvements thereon. In that event, any  
18 purchaser or purchasers at a sale of the property of the  
19 [~~administration~~] corporation pursuant to a foreclosure of the  
20 mortgage or any other remedy in connection therewith shall  
21 obtain title subject to the contract.



1           **§ -21 Duty to make reports.** Except as otherwise  
2 provided by law, the [~~administration~~] corporation shall:

3           (1) File at least once a year with the governor a report  
4 of its activities for the preceding fiscal year;

5           (2) Report to the state comptroller on moneys deposited in  
6 depositories other than the state treasury under  
7 section 40-81 and rules adopted thereunder; and

8           (3) Submit an annual report to the legislature on all  
9 [~~administration~~] corporation program areas and funds  
10 organized by program area, and by fund within each  
11 program area, no later than twenty days prior to the  
12 convening of each regular session, which shall provide  
13 the following information on the status of its  
14 programs and finances:

15           (A) A description of programs being developed in the  
16 current fiscal biennium, including a summary  
17 listing of the programs, the status of each  
18 program, the methods of project financing or  
19 loans, and other information deemed significant;

20           (B) A description of programs planned for development  
21 during the two ensuing fiscal bienniums,  
22 including a summary listing of the proposed



- 1 programs, the methods of project financing or  
2 loans, and other information deemed significant;
- 3 (C) A status report of actual expenditures made in  
4 the prior completed fiscal year from each fund  
5 established under this chapter, estimated  
6 expenditures anticipated for the current fiscal  
7 year, and projected expenditures for the ensuing  
8 fiscal years to be described in relation to  
9 specific projects developed to implement the  
10 purposes of any program or fund established under  
11 this chapter;
- 12 (D) A financial audit and report conducted on an  
13 annual basis by a certified public accounting  
14 firm; and
- 15 (E) Recommendations with reference to any additional  
16 legislation or other action that may be necessary  
17 to carry out the purposes of this part.

18 **§ -22 Quitclaim deeds.** Unless otherwise provided by  
19 law, the ~~[administration]~~ corporation shall issue quitclaim  
20 deeds and leases whenever it conveys, transfers, sells, or  
21 assigns any property developed, constructed, or sponsored under  
22 this chapter.



1                    **PART II. HOUSING DEVELOPMENT PROGRAMS**

2            **§ -31 Criteria.** In administering this chapter and other  
3 laws of the State applicable to the supplying of housing or the  
4 assistance in obtaining housing, the corporation shall give  
5 preference to those applicants most in need of assistance in  
6 obtaining housing, in light of the amount of moneys available  
7 for the various programs. In doing so, the corporation shall  
8 take into consideration the applicant's household income and  
9 number of dependents; the age of the applicant; the physical  
10 disabilities of the applicant or those living with the  
11 applicant; whether or not the present housing of the applicant  
12 is below standard; whether or not the applicant's need for  
13 housing has arisen by reason of displacement of the applicant by  
14 governmental actions; and other factors as it may deem  
15 pertinent.

16           **§ -32 Definitions.** The following terms, wherever used  
17 or referred to in this subpart, shall have the following  
18 respective meanings unless a different meaning clearly appears  
19 from the context:

20           "Develop" or "development" means the planning, financing,  
21 acquisition of real and personal property, demolition of  
22 existing structures, clearance of real property, construction,



1 reconstruction, alteration, or repairing of approaches, streets,  
2 sidewalks, utilities, and services, or other site improvements,  
3 or construction, reconstruction, repair, remodeling, extension,  
4 equipment, or furnishing of buildings or other structures, or  
5 any combination of the foregoing, of any housing project. It  
6 also includes any and all undertakings necessary therefor, and  
7 the acquisition of any housing, in whole or in part.

8 "Eligible bidder" means a person, partnership, firm, or  
9 corporation determined by the corporation:

10 (1) To be qualified by experience and financial  
11 responsibility to construct housing of the type  
12 proposed to be contracted; and

13 (2) To have submitted the lowest acceptable bid.

14 "Eligible developer" means any person, partnership,  
15 cooperative, including limited-equity housing cooperatives as  
16 defined in chapter 421H, firm, nonprofit or profit corporation,  
17 or public agency determined by the corporation:

18 (1) To be qualified by experience and financial  
19 responsibility and support to construct housing of the  
20 type described and of the magnitude encompassed by the  
21 given project;



- 1        (2) To have submitted plans for a project adequately  
2                    meeting the objectives of this chapter, the  
3                    maintenance of aesthetic values in the locale of the  
4                    project, and the requirements of all applicable  
5                    environmental statutes and rules; and
- 6        (3) To meet all other requisites the corporation deems to  
7                    be just and reasonable, and all requirements  
8                    stipulated in this chapter.

9                    "Purchaser's equity" means the difference between the  
10                   original cost of the dwelling unit to the purchaser, and the  
11                   principal amount of any mortgages, liens, or notes outstanding.

12                   "Qualified resident" means a person who:

- 13                   (1) Is a citizen of the United States or a resident alien;  
14                   (2) Is at least eighteen years of age;  
15                   (3) Is domiciled in the State and shall physically reside  
16                   in the dwelling unit purchased or rented under this  
17                   chapter;
- 18                   (4) In the case of the purchase of real property in fee  
19                   simple or leasehold, has a gross income sufficient to  
20                   qualify for the loan to finance the purchase; or in  
21                   the case of a rental, demonstrates an ability to pay  
22                   rent as determined by the corporation and meets any



1           additional criteria established by the corporation for  
2           the respective rental housing development for which  
3           the applicant is applying; and

4           (5) Meets the following qualifications:

5           (A) Is a person who either oneself or together with  
6           spouse or household member, does not own a  
7           majority interest in fee simple or leasehold  
8           lands suitable for dwelling purposes or a  
9           majority interest in lands under any trust  
10           agreement or other fiduciary arrangement in which  
11           another person holds the legal title to the land;  
12           and

13           (B) Is a person whose spouse or household member does  
14           not own a majority interest in fee simple or  
15           leasehold lands suitable for dwelling purposes or  
16           more than a majority interest in lands under any  
17           trust agreement or other fiduciary arrangement in  
18           which another person holds the legal title to the  
19           land, except when husband and wife are living  
20           apart under a decree of separation from bed and  
21           board issued by the family court pursuant to  
22           section 580-71;





1 provided that for purchasers of market-priced units in an  
2 economically integrated housing project, the term "qualified  
3 resident" means a person who is a citizen of the United States  
4 or a resident alien; is domiciled in the State and shall  
5 physically reside in the dwelling unit purchased; is at least  
6 eighteen years of age; and meets other qualifications as  
7 determined by the developer.

8 "Short term project notes" means evidences of indebtedness  
9 issued by the State for specified housing projects and secured  
10 by the projects the terms of which call for complete repayment  
11 by the State of the face amount in not less than two nor more  
12 than ten years.

13 § -33 Powers and duties, generally. (a) The  
14 corporation may develop fee simple or leasehold property,  
15 construct dwelling units thereon, including condominiums,  
16 planned units, and cluster developments, and sell, lease, or  
17 rent or cause to be leased or rented, at the lowest possible  
18 price to qualified residents, nonprofit organizations, or  
19 government agencies, with an eligible developer or in its own  
20 behalf, either:



- 1        (1) Fully completed dwelling units with the appropriate  
2        interest in the land on which the dwelling unit is  
3        located;
- 4        (2) Units which are substantially complete and habitable  
5        with the appropriate interest in the land on which the  
6        dwelling unit is located; or
- 7        (3) The land with site improvements (other than the  
8        dwelling unit) either partially or fully developed.
- 9        (b) The corporation shall require all applicants for the  
10       purchase of dwelling units to make application therefor under  
11       oath, and may require additional testimony or evidence under  
12       oath in connection with any application. The determination of  
13       any applicant's eligibility under this chapter by the  
14       corporation shall be conclusive as to all persons thereafter  
15       dealing with the property; but the making of any false statement  
16       knowingly by the applicant or other person to the corporation in  
17       connection with any application shall constitute perjury and be  
18       punishable as such. The corporation shall establish a system to  
19       determine preferences by lot in the event that it receives more  
20       qualified applications than it has units available.
- 21       (c) The corporation shall adopt, pursuant to chapter 91,  
22       rules on health, safety, building, planning, zoning, and land



1 use that relate to the development, subdivision, and  
2 construction of dwelling units in projects in which the State,  
3 through the corporation, shall participate; provided that these  
4 rules shall not contravene any safety standards or tariffs  
5 approved by the public utilities commission; provided further  
6 that these rules shall follow existing law as closely as is  
7 consistent with the production of lower cost housing with  
8 standards that meet minimum requirements of good design,  
9 pleasant amenities, health, safety, and coordinated development.

10 Upon the adoption of such rules, they shall have the force  
11 and effect of law and shall supersede, for all projects in which  
12 the State through the corporation shall participate, all other  
13 inconsistent laws, ordinances, and rules relating to the use,  
14 zoning, planning, and development of land, and the construction  
15 of dwelling units thereon; provided that the rules, not more  
16 than forty-five days after becoming effective, may be  
17 disapproved in whole or in part for purposes of applicability to  
18 any county, by an ordinance enacted by that county. On the  
19 forty-sixth day after the rules become effective, any rules not  
20 disapproved shall be deemed to have been approved by the county.

21 (d) The corporation may acquire, by eminent domain,  
22 exchange, or negotiation, land or property required within the



1 foreseeable future for the purposes of this chapter. Whenever  
2 land with a completed or substantially complete and habitable  
3 dwelling or dwellings thereon is acquired by exchange or  
4 negotiation, the exchange value or purchase price for each  
5 dwelling, including land, shall not exceed its appraised value.  
6 Land or property acquired in anticipation of future use may be  
7 leased for the interim period by the corporation for such term  
8 and rent as it deems appropriate.

9 (e) Upon authorization by the legislature, the corporation  
10 shall cause the State to issue general obligation bonds to  
11 finance:

- 12 (1) Land acquisition;  
13 (2) The development and improvement of land;  
14 (3) The construction of dwelling units;  
15 (4) The purchase, lease, or rental of land and dwelling  
16 units by qualified residents, nonprofit organizations,  
17 or government agencies under this chapter;  
18 (5) Payment of any services contracted for under this  
19 chapter, including profit or recompense paid to  
20 partners, and including community information and  
21 advocacy services deemed necessary by the corporation  
22 to provide for citizen participation in the



1           development of housing projects, the implementation of  
2           this chapter, and the staffing of any citizen advisory  
3           committee the corporation may establish;

4           (6) The cost of repurchase of units under section       -47;

5           (7) Loans for the rehabilitation and renovation of  
6           existing housing; and

7           (8) Any other moneys required to accomplish the purposes  
8           of this chapter.

9           (f) The corporation shall do all other things necessary  
10          and convenient to carry out the purposes of this chapter.

11          §   -34   Additional powers; development.   Notwithstanding  
12          section 103-7 but with the approval of the governor, the  
13          corporation may enter into and carry out agreements and  
14          undertake projects or participate in projects authorized by this  
15          chapter. The powers conferred upon the corporation by this  
16          subpart shall be in addition and supplemental to the powers  
17          conferred upon it by part I and any other law, and nothing  
18          herein shall be construed as limiting any powers, rights,  
19          privileges, or immunities so conferred upon it.

20          §   -35   Bond financing.   The director of finance may issue  
21          general obligation bonds and short term project notes of the  
22          State in the aggregate amount not to exceed \$105,000,000 for the



1 dwelling unit revolving fund created by section -171.  
2 Pending the receipt of funds from the issuance and sale of the  
3 bonds and notes, the amount required for the purposes of this  
4 chapter shall be advanced from the general fund of the State.  
5 Upon the receipt of the bond or note funds, the general fund  
6 shall be reimbursed. The director of finance may sequester and  
7 separate the proceeds from the sale of the bonds and notes into  
8 separate funds and the amounts in either fund may be used for  
9 any of the purposes set forth in this chapter.

10 **§ -36 Exemption from general excise taxes.** (a) In  
11 accordance with section 237-29, the corporation may approve and  
12 certify for exemption from general excise taxes any qualified  
13 person or firm involved with a newly constructed, or moderately  
14 or substantially rehabilitated project:  
15 (1) Developed under this subpart;  
16 (2) Developed under a government assistance program  
17 approved by the corporation, including but not limited  
18 to, the United States Department of Agriculture 502  
19 program and Federal Housing Administration 235  
20 program;  
21 (3) Developed under the sponsorship of a private nonprofit  
22 corporation providing home rehabilitation or new homes



1           for qualified families in need of decent, low-cost  
2           housing; or  
3       (4) Developed by a qualified person or firm to provide  
4           affordable rental housing where at least fifty per  
5           cent of the available units are for households with  
6           incomes at or below eighty per cent of the area median  
7           family income, as determined by the United States  
8           Department of Housing and Urban Development, of which  
9           at least twenty per cent of the available units are  
10          for households with incomes at or below sixty per cent  
11          of the area median family income as determined by the  
12          United States Department of Housing and Urban  
13          Development.

14       (b) All claims for exemption under this section shall be  
15       filed with and certified by the corporation and forwarded to the  
16       department of taxation. Any claim for exemption that is filed  
17       and approved, shall not be considered a subsidy for the purpose  
18       of this subpart.

19       (c) For the purposes of this section, "moderate  
20       rehabilitation" means rehabilitation to upgrade a unit to a  
21       decent, safe, and sanitary condition, or to repair or replace  
22       major building systems or components in danger of failure.



1 "Substantial rehabilitation" means the improvement of a property  
2 to a decent, safe, and sanitary condition that requires more  
3 than routine or minor repairs or improvements and may include,  
4 but is not limited to, the gutting and extensive reconstruction  
5 of a unit or cosmetic improvements coupled with the curing of a  
6 substantial accumulation of deferred maintenance. "Substantial  
7 rehabilitation" also includes renovation, alteration, or  
8 remodeling to convert or adapt structurally sound property to  
9 the design and condition required for a specific use (e.g.,  
10 conversion of a hotel to housing for elders).

11 (d) The corporation may establish, revise, charge, and  
12 collect a reasonable service fee, as necessary, in connection  
13 with its approvals and certifications under this section. The  
14 fees shall be deposited into the dwelling unit revolving fund.

15 **§ -37 Exemption from tax on income and obligations.**  
16 Income earned and obligations issued by a nonprofit entity  
17 determined to constitute a "public housing agency" pursuant to  
18 section 3(6) of the United States Housing Act of 1937, as  
19 amended, and which income and obligations are declared by the  
20 United States Department of Housing and Urban Development to be  
21 exempt from all taxation imposed by the United States pursuant





1 to section 11(b) of the Act shall be exempt from all taxation  
2 now or hereafter imposed by the State.

3 § -38 Housing development; exemption from statutes,  
4 ordinances, charter provisions, rules. (a) The corporation may  
5 develop, on behalf of the State or with an eligible developer,  
6 or may assist under a government assistance program in the  
7 development of, housing projects which shall be exempt from all  
8 statutes, ordinances, charter provisions, and rules of any  
9 governmental agency relating to planning, zoning, construction  
10 standards for subdivisions, development and improvement of land,  
11 and the construction of units thereon; provided that:

12 (1) The corporation finds the project is consistent with  
13 the purpose and intent of this chapter, and meets  
14 minimum requirements of health and safety;

15 (2) The development of the proposed project does not  
16 contravene any safety standards, tariffs, or rates and  
17 fees approved by the public utilities commission for  
18 public utilities or the various boards of water supply  
19 authorized under chapter 54; and

20 (3) The legislative body of the county in which the  
21 project is to be situated shall have approved the  
22 project; provided that:



- 1           (A) The legislative body shall approve or disapprove  
2           the project by resolution within forty-five days  
3           after the corporation has submitted the  
4           preliminary plans and specifications for the  
5           project to the legislative body. If on the forty-  
6           sixth day a project is not disapproved, it shall  
7           be deemed approved by the legislative body;
- 8           (B) No action shall be prosecuted or maintained  
9           against any county, its officials, or employees  
10           on account of actions taken by them in reviewing,  
11           approving, or disapproving the plans and  
12           specifications; and
- 13           (C) The final plans and specifications for the  
14           project shall be deemed approved by the  
15           legislative body if the final plans and  
16           specifications do not substantially deviate from  
17           the preliminary plans and specifications. The  
18           final plans and specifications for the project  
19           shall constitute the zoning, building,  
20           construction, and subdivision standards for that  
21           project. For purposes of sections 501-85 and 502-  
22           17, the executive director of the corporation, or



1           the responsible county official may certify maps  
2           and plans of lands connected with the project as  
3           having complied with applicable laws and  
4           ordinances relating to consolidation and  
5           subdivision of lands, and the maps and plans  
6           shall be accepted for registration or recordation  
7           by the land court and registrar; and

8       (4) The land use commission shall approve or disapprove a  
9       boundary change within forty-five days after the  
10       corporation has submitted a petition to the commission  
11       as provided in section 205-4. If on the forty-sixth  
12       day the petition is not disapproved, it shall be  
13       deemed approved by the commission.

14       (b) For the purposes of this section, "government  
15       assistance program" means a housing program qualified by the  
16       corporation and administered or operated by the corporation or  
17       the United States or any of their political subdivisions,  
18       agencies, or instrumentalities, corporate or otherwise.

19       § -39 Starter homes; design standards; applicant  
20       eligibility; authority to incorporate starter homes into housing  
21       projects of the corporation. (a) The corporation shall adopt  
22       rules in accordance with chapter 91 to establish design and



1 construction standards for starter homes configured to expand  
2 incrementally over time. For the purposes of this section,  
3 "starter home" means a dwelling unit that is designed to meet  
4 the basic living capacity requirements of homebuyers with  
5 families of limited size by eliminating needless design and  
6 space amenities, but which nonetheless enables future expansion,  
7 modification, and improvement by the owner to accommodate  
8 increased occupancy over time as may be necessary. The rules  
9 shall include building, setback, minimum lot size,  
10 infrastructure, and architectural standards for the construction  
11 and development of starter homes.

12 (b) In addition to the requirements of subsection (a), the  
13 corporation shall adopt rules in accordance with chapter 91 to  
14 establish the basic requirements for families eligible to  
15 purchase starter homes under this section. The rules shall  
16 include guidelines and restrictions on occupancy standards  
17 initially permitted in a starter home, as well as the income  
18 ranges of families eligible to qualify for purchases under this  
19 section.

20 (c) The corporation may incorporate starter homes into any  
21 affordable housing project developed by the corporation under  
22 this chapter. The corporation shall determine on a project-by-



1 project basis the number of starter home units to be included in  
2 each particular project.

3 (d) The corporation shall include in its annual report to  
4 the legislature a report on the number of starter homes  
5 constructed and developed by the corporation in accordance with  
6 the authorization provided in this section.

7 § -40 Dwelling unit project, construction and  
8 sponsorship thereof. (a) The corporation, on behalf of the  
9 State or with eligible developers and contractors, shall develop  
10 real property and construct dwelling units thereon; provided  
11 that, not less than ten per cent of the total number of units in  
12 single-family projects consisting of fifty units or more  
13 sponsored by the corporation shall be first offered to owner-  
14 builders or to nonprofit organizations assisting owner-builders  
15 in the construction of units thereon. Qualifications for  
16 developers and contractors shall be provided by rules to be  
17 adopted by the corporation in accordance with chapter 91. Any  
18 person, if qualified, may act as both the developer and the  
19 contractor.

20 (b) In selecting the eligible developers or in contracting  
21 any services or materials for the purposes of this chapter, the  
22 corporation shall not be subject to competitive bidding laws.



1        (c) If working in partnership with an eligible developer,  
2 the corporation shall have sole control of the partnership,  
3 shall keep all books of the partnership, and shall ascertain all  
4 costs of the partnership including the cost of services  
5 performed by any other partners and it shall audit the same.  
6 The other partners shall perform services for the partnership  
7 under the direction of the corporation and shall be reimbursed  
8 for all costs relating to the project as certified by the  
9 corporation, including administrative and overhead costs.  
10 Additionally, the other partners, upon transfer of title by the  
11 corporation to the purchaser, shall be entitled to a guaranteed  
12 gross share if the actual cost of the project does not exceed  
13 the original project cost. The gross share shall not exceed  
14 fifteen per cent of the original project cost prorated to the  
15 dwelling units, less any amount subsidized by the State.  
16 Subsidies shall include unrecovered development and land costs  
17 and any other subsidized items as defined in rules to be adopted  
18 by the corporation pursuant to chapter 91. The percentage of  
19 the share shall be determined by the corporation by contract  
20 with the partner based upon the nature of the services rendered  
21 by them. For purposes of this subsection, "original project



1 cost" means the original budget of a project as approved by the  
2 corporation without modification at a later date.

3 (d) The corporation may require that performance bonds be  
4 posted to the benefit of the State with surety satisfactory to  
5 it guaranteeing performance by the other partners, or the State  
6 may act as a self-insurer requiring security, if any, from the  
7 other partners, as the corporation shall deem necessary.

8 **§ -41 Independent development of projects.** (a) In any  
9 county, the corporation may develop or may enter into agreements  
10 for housing projects with an eligible developer if in the  
11 corporation's reasonable judgment a project is primarily  
12 designed for lower income housing. The agreement may provide  
13 for the housing to be placed under the control of the  
14 corporation, or to be sold by the corporation, or to be sold to  
15 the corporation as soon as the units are completed and shall  
16 contain terms, conditions, and covenants as the corporation, by  
17 rules adopted pursuant to chapter 91, deems appropriate. Every  
18 agreement shall provide for the developer to furnish a  
19 performance bond, in favor of the corporation, assuring the  
20 timely and complete performance of the housing project.  
21 Sureties on the bond shall be satisfactory to the corporation.

22 (b) The plans and specifications for the project shall:



- 1        (1) Provide for economically integrated housing by  
2                    stipulation and design;
- 3        (2) Provide for the sale of all units in fee simple or in  
4                    leasehold either to the corporation or to the  
5                    purchaser and in all cases subject to all of the  
6                    provisions of sections     -47,     -49, and     -50  
7                    excepting units sold at market price; and
- 8        (3) Encompass the use of lands adequately suited to the  
9                    size, design, and types of occupancies designated in  
10                   subsection (a), properly located for occupancy by the  
11                   groups for which the project was primarily designed  
12                   under this section, properly districted for the use  
13                   intended prior to this application, and appropriately  
14                   zoned within an urban land use district, or  
15                   appropriate in its situation and surroundings for more  
16                   intensive or denser zoning.
- 17        (c) The corporation may accept and approve projects  
18                   independently initiated by private developers which fully comply  
19                   with subsections (a) and (b). The corporation may review the  
20                   plans, specifications, districting, and zoning of the project  
21                   for the purpose of exempting the project from all statutes,  
22                   ordinances, charter provisions, and rules of any governmental





1 agency relating to zoning and construction standards for  
2 subdivisions, development, and improvement of land and the  
3 construction, improvement, and sale of homes thereon; provided  
4 that the procedures in section -38(a)(1), (2), and (3) have  
5 been satisfied.

6 **§ -42 Private development of projects.** (a) The  
7 corporation may enter into contracts with any eligible bidder to  
8 provide for the construction of a housing project or projects.  
9 Each contract shall provide that the housing project or projects  
10 shall be placed under the control of the corporation, as soon as  
11 the unit is available for occupancy. Each contract also shall  
12 provide that the capital stock of the mortgagor (where the  
13 mortgagor is a corporation) be transferred to the corporation,  
14 when the housing project or projects have been completed. Each  
15 contract shall contain terms and conditions that the corporation  
16 may determine to be necessary to protect the interests of the  
17 State. Each contract shall provide for the furnishing by the  
18 contractor of a performance bond and a payment bond with  
19 sureties satisfactory to the corporation, and the furnishings of  
20 bonds shall be deemed sufficiently compliant with the law and no  
21 additional bonds shall be required. Before the corporation  
22 shall enter into any contract as authorized by this section for



1 the construction of a housing project or projects, it shall  
2 invite the submission of competitive bids after giving public  
3 notice in the manner prescribed by law.

4 (b) Notwithstanding any other provision of law to the  
5 contrary, the corporation is authorized to acquire the capital  
6 stock of mortgagors holding property covered by a mortgage  
7 guaranty under this chapter and established by this section, and  
8 to exercise the rights as holder of the capital stock during the  
9 life of the mortgage and, upon the termination of the mortgage,  
10 to dissolve the corporation; to guarantee the payment of notes  
11 or other legal instruments of such mortgagors; and to make  
12 payments thereon. All housing projects placed under the control  
13 of the corporation pursuant to this section shall be deemed to  
14 be housing projects under the jurisdiction of the State.

15 (c) On request by the corporation, the attorney general  
16 shall furnish to the corporation, an opinion as to the  
17 sufficiency of title to any property on which it proposes to  
18 construct housing projects, or on which housing projects have  
19 been constructed, under this section. If the opinion of the  
20 attorney general is that the title to the property is good and  
21 sufficient, the corporation is authorized to guarantee, or enter  
22 into a commitment to guarantee the mortgagee against any losses



1 that may thereafter arise from the adverse claims to title.  
2 None of the proceeds of any mortgage loan hereafter insured  
3 shall be used for title search and title insurance costs;  
4 provided that if the corporation determines in the case of any  
5 housing project, that the financing of the construction of the  
6 project is impossible unless title insurance is provided, the  
7 corporation may provide for the payment of reasonable costs  
8 necessary for obtaining title search and title insurance. Any  
9 determination by the corporation under the foregoing proviso  
10 shall be set forth in writing, together with the reasons  
11 therefor.

12 (d) The State shall be authorized to guarantee the  
13 repayment of one hundred per cent of the principal and interest  
14 of loans from commercial lenders for the purposes of this  
15 section pursuant to rules adopted pursuant to chapter 91, by the  
16 corporation which shall conform as closely as is possible to the  
17 practices of the Federal Housing Administration in insuring  
18 loans under sections 203 and 207 of the National Housing Act, as  
19 amended; provided that at no time shall the State's liability,  
20 contingent or otherwise, on the guarantees exceed \$10,000,000.

21 § -43 **Interim financing of projects.** (a) The  
22 corporation may provide interim construction loans to eligible



1 developers. In addition to the rate of interest charged on  
2 interim loans, the corporation may charge loan commitment fees,  
3 to be determined by rules adopted pursuant to chapter 91.

4 (b) The interim loans shall be secured by a duly recorded  
5 primary or secondary mortgage upon the fee simple or leasehold  
6 interest in the land upon which the dwelling units are  
7 constructed, or the corporation may require other security  
8 interests and instruments as it deems necessary to secure the  
9 indebtedness and any other conditions consistent with the  
10 production and marketing of dwelling units at the lowest  
11 possible prices. The corporation may also set the conditions of  
12 a loan in a building and loan agreement between the borrower and  
13 the corporation in order to secure the loan and the performance  
14 of the borrower to complete the project.

15 § -44 Commercial, industrial and other uses. (a) In  
16 connection with the development of any residential units under  
17 this chapter the corporation may also develop commercial,  
18 industrial, and other properties if it determines that the uses  
19 can be an integral part of the development and can help to  
20 preserve the lifestyles of the purchasers of residences in the  
21 development. The corporation may designate any portion of the  
22 developments as commercial, industrial, or other use and shall



1 have all the powers granted under this chapter with respect  
2 thereto including the power to bypass statutes, ordinances,  
3 charter provisions and rules of any governmental agency pursuant  
4 to section -38. For this purpose the corporation may use any  
5 of the funds authorized under this chapter.

6 (b) The corporation shall adopt rules pursuant to chapter  
7 91 that shall provide the manner of designation of the uses and  
8 shall provide that any commercial, industrial, or other  
9 properties so developed shall be sold or leased at cost or at  
10 economic rents or sales prices. Sale or lease shall be made at  
11 cost to owners of commercial, industrial, or other facilities  
12 displaced by the corporation. All other leases or sales shall  
13 be at economic rents or sales prices determined by the  
14 corporation, after appraisal, to be consistent with rents or  
15 sales prices in similar locations or terms. The net proceeds of  
16 all sales or leases, less costs to the corporation, shall be  
17 deposited in the dwelling unit revolving fund. The rules may  
18 also provide that during the first twenty years after its  
19 purchase, any commercial, industrial, or other property so  
20 developed and sold or leased may be resold or assigned only to  
21 the corporation at the original purchase price plus the cost of  
22 any improvements made by the purchaser together with simple



1 interest on all of the purchaser's equity in the property at the  
2 rate of seven per cent a year. Rules may also provide that  
3 ownership of the commercial, industrial, or other property  
4 cannot be separated from ownership of the residential property  
5 in connection with which it was sold or leased.

6 § -45 Sale, mortgage, agreement of sale, other  
7 instruments. (a) The corporation shall sell completed dwelling  
8 units or dwelling units that are substantially completed and  
9 habitable, developed and constructed hereunder, to qualified  
10 residents in fee simple, or shall cause them to be leased or  
11 rented to qualified residents, at a price or rental based on  
12 costs as determined by the corporation. The gross share to the  
13 other partners or contract payments and any amounts subsidized  
14 by the State, including but not limited to the land, need not be  
15 counted as cost so as to increase the price. Such may be borne  
16 by the State, under rules adopted pursuant to chapter 91 subject  
17 to reimbursement upon sale as provided for in section -47.

18 (b) If a qualified purchaser is unable to obtain  
19 sufficient funds at reasonable rates from private lenders, the  
20 corporation, by way of mortgage, agreement of sale, or other  
21 instrument to secure the indebtedness, may loan to the purchaser  
22 up to one hundred per cent of the purchase price. The purchaser



1 in that event shall execute with the corporation an agreement of  
2 sale or mortgage or other instrument under the terms of which  
3 the unpaid principal and the interest thereon shall be paid in  
4 monthly installments over a period of not more than forty years.

5 (c) Every mortgage, agreement of sale, other instrument to  
6 secure the indebtedness, or instrument of indebtedness executed  
7 by the corporation may contain other provisions as are usually  
8 found in such instruments and shall provide that the purchaser  
9 may repay the whole or any part of the unpaid balance of the  
10 purchase price plus accrued interest at any time without  
11 prepayment penalty.

12 (d) If the purchaser defaults on the payment of any loan,  
13 the corporation shall take all necessary action to collect the  
14 delinquent principal and interest on the loan and may take all  
15 actions allowed to holders of obligations, including the power  
16 to repossess, lease, rent, repair, renovate, modernize, and sell  
17 the property foreclosed, subject to the restrictions hereinafter  
18 described.

19 (e) The mortgages, agreements of sale, and other  
20 instruments of indebtedness, at the direction of the  
21 corporation, may be assigned to, and serviced by commercial  
22 banks and other lending institutions doing business in the State



1 at a fee of not more than one-half of one per cent of the amount  
2 loaned to the purchaser.

3 (f) Subsections (a) to (e) need not apply to market-priced  
4 units in an economically integrated housing project, except as  
5 otherwise determined by the developer of the units; provided  
6 that preference shall be given to qualified residents in the  
7 initial sale of market-priced units.

8 **§ -46 Co-mortgagor.** For purposes of qualifying for a  
9 mortgage loan to finance the purchase of a dwelling unit under  
10 this subpart, a "qualified resident" as defined in section  
11 -32 may be assisted by a co-mortgagor who is a family member  
12 as defined by the corporation, who may own other lands in fee  
13 simple or leasehold suitable for dwelling purposes, whose  
14 interest in the dwelling unit to be purchased is limited to no  
15 more than one per cent, and who certifies that the co-mortgagor  
16 does not intend to reside in the dwelling unit. The income and  
17 assets of the co-mortgagor shall not be counted in determining  
18 the eligibility of the "qualified resident" under this chapter.

19 **§ -47 Real property; restrictions on transfer; waiver of**  
20 **restrictions.** (a) The following restrictions shall apply to  
21 the transfer of real property developed and sold under this  
22 chapter, whether in fee simple or leasehold:





1       (1) For a period of ten years after the purchase, whether  
2       by lease, assignment of lease, deed, or agreement of  
3       sale, if the purchaser wishes to transfer title to the  
4       real property, the corporation shall have the first  
5       option to purchase the real property at a price that  
6       shall not exceed the sum of:

7       (A) The original cost to the purchaser, as defined in  
8       rules adopted by the corporation pursuant to  
9       chapter 91;

10       (B) The cost of any improvements added by the  
11       purchaser, as defined in rules adopted by the  
12       corporation pursuant to chapter 91; and

13       (C) Simple interest on the original cost and capital  
14       improvements to the purchaser at the rate of one  
15       per cent a year.

16       (2) The corporation may purchase the real property either:

17       (A) By conveyance free and clear of all mortgages and  
18       liens; or

19       (B) By conveyance subject to existing mortgages and  
20       liens.

21       If the real property is conveyed in the manner  
22       provided in subparagraph (A), it shall be conveyed to



1           the corporation only after all mortgages and liens are  
2           released. If the real property is conveyed in the  
3           manner provided in subparagraph (B), the corporation  
4           shall acquire the property subject to any first  
5           mortgage created for the purpose of securing the  
6           payment of a loan of funds expended solely for the  
7           purchase of the real property by the seller; and any  
8           mortgage or lien created for any other purpose  
9           provided that the corporation has previously consented  
10           to it in writing.

11        (3) A purchaser may refinance real property developed and  
12        sold under this chapter provided that the purchaser  
13        shall not refinance the real property, within ten  
14        years from the date of purchase, for an amount in  
15        excess of the purchase price as determined by  
16        subsection (a)(1)(A) to (C).

17        (4) After the end of the tenth year from the date of  
18        purchase, or execution of an agreement of sale, the  
19        purchaser may sell the real property and sell or  
20        assign the property free from any price restrictions;  
21        provided that the purchaser shall be required to pay  
22        to the corporation the sum of:



- 1           (A) The balance of any mortgage note, agreement of  
2           sale, or other amount owing to the corporation;
- 3           (B) Any subsidy or deferred sales price made by the  
4           corporation in the acquisition, development,  
5           construction, and sale of the real property, and  
6           any other amount expended by the corporation not  
7           counted as cost under section -45 but charged  
8           to the real property by good accounting practice  
9           as determined by the corporation whose books  
10           shall be prima facie evidence of the correctness  
11           of the costs;
- 12           (C) Interest on the subsidy or deferred sales price,  
13           if applicable, and any other amount expended at  
14           the rate of seven per cent a year computed as to  
15           the subsidy or deferred sales price, if  
16           applicable, from the date of purchase, or  
17           execution of the agreement of sale, and as to any  
18           amount expended, from the date of expenditure;  
19           provided that the computed interest shall not  
20           extend beyond thirty years from the date of  
21           purchase, or execution of the agreement of sale,  
22           of the real property; and provided further that



1           if any proposed sale or transfer will not  
2           generate an amount sufficient to pay the  
3           corporation the sum as computed under this  
4           paragraph, the corporation shall have the first  
5           option to purchase the real property at a price  
6           which shall not exceed the sum as computed under  
7           subsection (a)(1) and (2); and

8           (D) The corporation's share of appreciation in the  
9           real property as determined under rules adopted  
10           pursuant to chapter 91 when applicable; and

11           (5) Notwithstanding any provision in this subsection to  
12           the contrary, pursuant to rules adopted by the  
13           corporation under chapter 91, the subsidy or deferred  
14           sales price described in subsection (a)(4)(B) and any  
15           interest accrued pursuant to subsection (a)(4)(C) may  
16           be paid, in part or in full, at any time.

17           (b) The corporation's interest created by subsection (a)  
18           shall constitute a statutory lien on the real property and shall  
19           be superior to any other mortgage or lien except for:

20           (1) Any first mortgage created for the purpose of securing  
21           the payment of a loan of funds expended solely for the  
22           purchase of the real property by the seller;



1       (2) Any mortgage insured or held by a federal housing  
2           agency; and

3       (3) Any mortgage or lien created for any other purpose  
4           provided that the corporation has previously consented  
5           to it in writing.

6       The amount paid by the corporation to the seller shall be  
7       the difference, if any, between the purchase price determined by  
8       paragraphs (1)(A) to (C) of subsection (a), and the total of the  
9       outstanding principal balances of the mortgages and liens  
10       assumed by the corporation.

11       (c) For a period of ten years after the purchase, whether  
12       by lease, assignment of lease, deed, or agreement of sale, if  
13       the purchaser wishes to transfer title to the real property, and  
14       if the corporation does not exercise the option to purchase the  
15       real property as provided in subsection (a), then the  
16       corporation shall require the purchaser to sell the real  
17       property to a "qualified resident" as defined in section -32,  
18       and upon the terms that preserve the intent of this section and  
19       sections -49 and -50, and in accordance with rules adopted  
20       by the corporation pursuant to chapter 91.

21       (d) The corporation may waive the restrictions prescribed  
22       in subsection (a), (b), or (c) if:



1       (1) The purchaser wishes to transfer title to the real  
2       property by devise or through the laws of descent to a  
3       family member who would otherwise qualify under rules  
4       established by the corporation; or

5       (2) The sale or transfer of the real property would be at  
6       a price and upon terms that preserve the intent of  
7       this section without the necessity of the State  
8       repurchasing the real property; provided that, in this  
9       case, the purchaser shall sell the unit or lot and  
10      sell or assign the property to a person who is a  
11      "qualified resident" as defined in section -32; and  
12      provided further that the purchaser shall pay to the  
13      corporation its share of appreciation in the unit as  
14      determined in rules adopted pursuant to chapter 91  
15      when applicable.

16      (e) The corporation may release the restrictions  
17      prescribed in subsection (a), (b), or (c) if the real property  
18      is financed under a federally subsidized mortgage program and  
19      the restrictions would jeopardize the federal government's  
20      ability to recapture any interest credit subsidies provided to  
21      the homeowner.



1       (f) The restrictions prescribed in this section and  
2 sections -49 to -51 shall be automatically extinguished  
3 and shall not attach in subsequent transfers of title when a  
4 mortgage holder or other party becomes the owner of the real  
5 property pursuant to a mortgage foreclosure, foreclosure under  
6 power of sale, or a conveyance in lieu of foreclosure after a  
7 foreclosure action is commenced; or when a mortgage is assigned  
8 to a federal housing agency. Any law to the contrary  
9 notwithstanding, a mortgagee under a mortgage covering real  
10 property or leasehold interest encumbered by the first option to  
11 purchase in favor of the corporation, prior to commencing  
12 mortgage foreclosure proceedings, shall notify the corporation  
13 in writing of:

14       (1) Any default of the mortgagor under the mortgage within  
15       ninety days after the occurrence of the default; and

16       (2) Any intention of the mortgagee to foreclose the  
17       mortgage under chapter 667;

18 provided that the mortgagee's failure to provide written notice  
19 to the corporation shall not affect the holder's rights under  
20 the mortgage. The corporation shall be a party to any  
21 foreclosure action, and shall be entitled to all proceeds  
22 remaining in excess of all customary and actual costs and



1 expenses of transfer pursuant to default, including liens and  
2 encumbrances of record; provided that the person in default  
3 shall be entitled to an amount which shall not exceed the sum of  
4 amounts determined pursuant to subsection (a)(1)(B) and (C).

5 (g) The provisions of this section shall be incorporated  
6 in any deed, lease, agreement of sale, or any other instrument  
7 of conveyance issued by the corporation. In any sale by the  
8 corporation of real property for which a subsidy or deferred  
9 sales price was made by the corporation, the amount of the  
10 subsidy or deferred sales price described in subsection  
11 (a)(4)(B), a description of the cost items that constitute the  
12 subsidy or deferred sales price, and the conditions of the  
13 subsidy or deferred sales price shall be clearly stated at the  
14 beginning of the contract document issued by the corporation.

15 (h) This section need not apply to market-priced units in  
16 an economically integrated housing project, except as otherwise  
17 determined by the developer of the units; provided that  
18 preference shall be given to qualified residents in the initial  
19 sale of market-priced units.

20 (i) The corporation is authorized to waive any of the  
21 restrictions set forth in this section in order to comply with  
22 or conform to requirements set forth in federal laws or





1 regulations governing mortgage insurance or guarantee programs  
2 or requirements set forth by federally chartered secondary  
3 mortgage market participants.

4 **§ -48 Exception of current owners in corporation**

5 **projects.** The corporation may allow a person who is a current  
6 owner of a multifamily dwelling unit in a project sponsored by  
7 the corporation to apply for the purchase of a larger dwelling  
8 unit in a project sponsored by the corporation if the  
9 applicant's current family size exceeds the permissible family  
10 size for the applicant's current dwelling unit, as determined by  
11 prevailing county building or housing codes. The applicant  
12 shall be required to sell the applicant's current dwelling unit  
13 back to the corporation. Notwithstanding any law to the  
14 contrary, and for the purpose of this section, any applicant, as  
15 it pertains to for-sale housing, shall be a "qualified resident"  
16 who:

- 17 (1) Is a citizen of the United States or a resident alien;  
18 (2) Is at least eighteen years of age;  
19 (3) Is domiciled in the State and shall physically reside  
20 in the dwelling unit purchased under this chapter;



1       (4) In the case of purchase of real property in fee simple  
2       or leasehold, has a gross income sufficient to qualify  
3       for the loan to finance the purchase; and

4       (5) Except for the applicant's current residence, meets  
5       the following qualifications:

6       (A) Is a person who either oneself or together with  
7       the person's spouse or a household member, does  
8       not own a majority interest in fee simple or  
9       leasehold lands suitable for dwelling purposes,  
10       or a majority interest in lands under any trust  
11       agreement or other fiduciary arrangement in which  
12       another person holds the legal title to the land;  
13       and

14       (B) Is a person whose spouse or a household member  
15       does not own a majority interest in fee simple or  
16       leasehold lands suitable for dwelling purposes,  
17       or a majority interest in lands under any trust  
18       agreement or other fiduciary arrangement in which  
19       another person holds the legal title to the land,  
20       except when husband and wife are living apart  
21       under a decree of separation from bed and board



1 issued by the family court pursuant to section  
2 580-71.

3 **§ -49 Real property; restrictions on use.** (a) Real  
4 property purchased under this chapter shall be occupied by the  
5 purchaser at all times during the ten-year restriction period  
6 set forth in section -47, except in hardship circumstances  
7 where the inability to reside on the property arises out of  
8 unforeseeable job or military transfer, a temporary educational  
9 sabbatical, serious illness of the person, or in other hardship  
10 circumstances as determined by the corporation on a case-by-case  
11 basis.

12 The corporation may waive the owner-occupancy requirement  
13 for a total of not more than ten years after the purchase of the  
14 dwelling, during which time the dwelling unit may be rented or  
15 leased. Waivers may be granted only to qualified residents who  
16 have paid resident state income taxes during all years in which  
17 they occupied the dwelling, who continue to pay resident state  
18 income taxes during the waiver period, and whose inability to  
19 reside on the property does not stem from a natural disaster.  
20 The ten-year owner-occupancy requirement shall be extended by  
21 one month for every month or fraction thereof that the owner-  
22 occupancy requirement is waived.



1       The corporation shall adopt rules under chapter 91 to  
2 implement the letter and spirit of this subsection and to  
3 prescribe necessary terms and conditions. The rules shall  
4 include:

- 5       (1) Application and approval procedures for the waivers;  
6       (2) Exceptions authorized by this subsection;  
7       (3) The amounts of rent that may be charged by persons  
8       allowed to rent or lease a dwelling unit; and  
9       (4) Schedules of fees needed to cover administrative  
10       expenses and attorneys' fees.

11       No qualified resident who fails to reoccupy a dwelling unit  
12 after any waiver period shall receive more than the maximum to  
13 which the person would be entitled under section -47. Any  
14 person who disagrees with the corporation's determination under  
15 this section shall be entitled to a contested case proceeding  
16 under chapter 91.

17       (b) From time to time the corporation may submit a  
18 verification of owner-occupancy form to the purchaser. Failure  
19 to respond to the verification in a timely manner or violation  
20 of subsection (a) shall be sufficient reason for the  
21 corporation, at its option, to purchase the unit as provided in  
22 section -47(a)(1), (2), or (4), as applicable.



1       (c) Any deed, lease, agreement of sale, or other  
2 instrument of conveyance issued by the corporation shall  
3 expressly contain the restrictions on use prescribed in this  
4 section.

5       (d) The restrictions prescribed in subsection (a) shall  
6 terminate and shall not attach in subsequent transfers of title  
7 if the corporation releases the restrictions when the real  
8 property is financed under a federally subsidized mortgage  
9 program.

10       (e) Subsections (a) to (c) need not apply to market-priced  
11 units in an economically integrated housing project, except as  
12 otherwise determined by the developer of the units; provided  
13 that preference shall be given to qualified residents in the  
14 initial sale of market-priced units.

15       (f) The corporation is authorized to waive any of the  
16 restrictions set forth in this section in order to comply with  
17 or conform to requirements set forth in federal laws or  
18 regulations governing mortgage insurance or guarantee programs  
19 or requirements set forth by federally chartered secondary  
20 mortgage market participants.

21       § -50 Restrictions on use, sale, and transfer of real  
22 property; effect of amendment or repeal. (a) Restrictions on



1 the use, sale, and transfer of real property shall be made as  
2 uniform as possible in application to purchasers of all real  
3 property, and restrictions shall be conformed with agreement of  
4 the purchaser to reflect change or repeal made by any subsequent  
5 legislative act, ordinance, rule, or regulation. Purchasers  
6 shall be permitted at their election to sell or transfer real  
7 property subject to restrictions in effect at the time of their  
8 sale or transfer.

9 (b) The corporation, any department of the State, or any  
10 county housing agency maintaining restrictions, through  
11 contract, deed, other instrument, or by rule, shall notify  
12 purchasers of any substantial change in restrictions made by  
13 law, ordinance, rule, or regulation not more than one hundred  
14 eighty days after a change in restrictions, and the notice shall  
15 clearly state the enacted or proposed new provisions, the date  
16 or dates upon which they are to be effective, and offer to each  
17 purchaser of real property constructed and sold prior to the  
18 effective date an opportunity to modify the existing contract or  
19 other instrument to incorporate the most recent provisions. The  
20 public notice shall be given at least three times in the State  
21 for state agencies and at least three times in a county for  
22 county agencies.



1       (c) For all purchasers of real property prior to June 25,  
2 1990, where the restrictions on use and transfer of property  
3 apply for a period of time, the period of time shall not be  
4 increased beyond the date calculated from the date of original  
5 purchase.

6       (d) No purchaser shall be entitled to modify the  
7 restrictions on use, transfer, or sale of the real property,  
8 without the written permission of the holder of a duly-recorded  
9 first mortgage on the dwelling unit and the owner of the fee  
10 simple or leasehold interest in the land underlying the unit,  
11 unless the holder of the first mortgage or the owner is an  
12 agency of the State or its political subdivisions.

13       (e) This section shall apply to all real property  
14 developed, constructed, and sold pursuant to this chapter and  
15 similar programs in the State or its political subdivisions and  
16 which are sold on the condition that the purchaser accepts  
17 restrictions on the use, sale, or transfer of interest in the  
18 real property purchased.

19       (f) The provisions of this section shall be incorporated  
20 in any deed, lease, instrument, rule, or regulation relating to  
21 restrictions on use, sale, or transfer of dwelling units,  
22 entered into after June 20, 1977.



1        (g) The restrictions of this section shall terminate as to  
2 a particular real property and shall not attach in subsequent  
3 transfers of title of that real property if the corporation  
4 releases the restrictions when the real property is financed  
5 under a federally subsidized mortgage program.

6        **§ -51 Corporation's right to repurchase or rent real**  
7 **property; authority to seek recovery.** (a) Notwithstanding any  
8 provision in this chapter to the contrary, during the period in  
9 which the restrictions in section -47 are in effect, the  
10 following provisions shall apply when dwelling units developed,  
11 constructed, financed, purchased, or sold pursuant to Act 105,  
12 Session Laws of Hawaii 1970, as amended, are found to have a  
13 substantial construction defect, or when vacant lands developed,  
14 financed, purchased, or sold pursuant to Act 105, Session Laws  
15 of Hawaii 1970, as amended, are found to have a substantial soil  
16 defect:

17        (1) The corporation shall have the right, but not the  
18 obligation, to repurchase a dwelling unit or land  
19 which has a defect, regardless of whether or not the  
20 owner wishes to sell; provided that such repurchases  
21 shall be in accordance with the following provisions:





- 1           (A) The corporation may repurchase a dwelling unit or  
2           land if:
- 3           (i) The dwelling unit or land is deemed unsafe  
4           by the county building department;
- 5           (ii) The defects are irreparable; or  
6           (iii) In the opinion of the corporation, the  
7           defect is of such magnitude that it will  
8           take longer than a year to repair;
- 9           (B) The corporation's purchase price shall be based  
10           on the formula set forth in section -47(a)(1);
- 11           (C) After repairs to the unit or land are completed,  
12           the former owner shall have the first right of  
13           refusal to repurchase the real property;
- 14           (D) The corporation shall give preference in all  
15           other projects of the corporation to all owners  
16           whose real property is repurchased by the  
17           corporation under this subsection, and the  
18           corporation may waive certain eligibility  
19           requirements for these owners; and
- 20           (E) If the corporation exercises its right to  
21           purchase defective real property against an  
22           owner's wishes pursuant to this paragraph, the



1                   corporation shall provide relocation assistance  
2                   to that owner as provided in chapter 111;

3       (2) If the corporation does not opt to purchase defective  
4       real property, the corporation shall also have the  
5       right, but not the obligation, to enter into a  
6       contract to repair a dwelling unit which has a  
7       construction defect or land which has a soil defect.  
8       During the period that the real property is being  
9       repaired, the corporation shall rent that real  
10       property from the owner for an amount not to exceed  
11       the owner's present mortgage payments; and

12       (3) If the corporation does not execute either a contract  
13       to repurchase the real property or an agreement to  
14       repair and rent the real property within ninety days  
15       after written notice is given to the corporation of a  
16       construction defect, the owner may pursue any other  
17       available legal remedies.

18       For the purposes of this subsection, "substantial  
19       construction defect" includes but is not necessarily limited to:  
20       structural defects such as shifting foundations and bearing  
21       walls; structural deficiencies due to the use of defective or  
22       undersized materials; and defects affecting the health and



1 safety of occupants. "Substantial soil defect" means shifting,  
2 sliding, or sinking ground of such degree as to affect the  
3 dwelling unit on the land or the health and safety of the  
4 occupants of the land.

5 (b) If moneys are expended by the corporation pursuant to  
6 subsection (a)(1) and (2), the corporation shall have the  
7 authority to take necessary legal action against the developer,  
8 co-developer, general contractor, and their subcontractors,  
9 consultants, and other parties notwithstanding chapter 657.

10 (c) If real property developed, constructed, financed,  
11 purchased, or sold pursuant to Act 105, Session Laws of Hawaii  
12 1970, as amended, is found to have a substantial construction or  
13 soil defect, the corporation shall have the right, but not the  
14 obligation, to file or cause to be filed a legal action on  
15 behalf of, or by the owner or lessee of the real property for  
16 the recovery of damages or for injunctive relief against the  
17 developer, co-developer, general contractor, and their  
18 subcontractors, consultants, and other parties, notwithstanding  
19 chapter 657. Additionally, notwithstanding any provision of  
20 rule 23 of the Hawaii rules of civil procedure, the corporation  
21 may file or cause to be filed a legal action brought under this  
22 subsection as a class action on behalf of, or by at least two



1 owners or lessees of real property that have similar substantial  
2 construction or soil defects.

3 (d) Nothing in this chapter shall be construed so as to  
4 diminish the rights or remedies of the corporation otherwise  
5 provided under common law, by statute or by contract.

6 (e) The corporation shall adopt rules pursuant to chapter  
7 91 necessary for the purposes of this section.

8 (f) This section shall not apply to a particular real  
9 property and shall not apply after subsequent transfers of title  
10 of that real property if the corporation releases the  
11 restrictions when the real property is financed under a  
12 federally subsidized mortgage program.

13 (g) If any subsection, sentence, clause, or phrase of this  
14 section, or its application to any person or transaction or  
15 other circumstances, is for any reason held to be  
16 unconstitutional or invalid, the remaining subsections,  
17 sentences, clauses, and phrases of this section, or the  
18 application of this section to other persons or transactions or  
19 circumstances, shall not be affected. The legislature hereby  
20 declares that it would have passed this section and each  
21 subsection, clause, or phrase thereof, irrespective of the fact  
22 that any one or more subsections, sentences, clauses, or phrases



1 of this section, or its application to any person or transaction  
2 or other circumstance, be declared unconstitutional or invalid.

3 § -52 Nonprofit organizations; government agencies. (a)

4 The corporation may retain dwelling units in a project to the  
5 extent it determines necessary and appropriate, for sale, lease,  
6 or rental to nonprofit organizations and government agencies.

7 The dwelling units shall be used by the nonprofit organizations  
8 and government agencies to provide housing opportunities and  
9 related support services to special needs individuals or  
10 families. These purposes include, but are not limited to, the  
11 use of dwelling units for group homes and congregate living  
12 facilities and for government employees in special situations.

13 The corporation, in consultation with other appropriate  
14 government agencies, shall adopt rules pursuant to chapter 91  
15 necessary to implement this subsection, including, but not  
16 limited to, rules relating to the eligibility and qualifications  
17 of nonprofit organizations and government agencies, rules  
18 relating to the eligibility and qualifications of clients of  
19 nonprofit organizations and government agencies to whom housing  
20 opportunities may be made available, and rules restricting the  
21 use, sale, or transfer of, and authorizing repurchase of,



1 dwelling units sold, leased, or rented pursuant to this  
2 subsection.

3 The corporation, to the extent appropriate, shall have the  
4 same powers with respect to nonprofit organizations and  
5 government agencies purchasing, leasing, or renting dwelling  
6 units as the corporation has with respect to qualified residents  
7 purchasing, leasing, or renting dwelling units.

8 (b) In connection with the development of any residential  
9 units under this chapter, the corporation may provide for the  
10 development of appropriate community facilities. The  
11 corporation may:

12 (1) Sell, lease, or rent vacant land or land with site  
13 improvements to nonprofit organizations or government  
14 agencies to develop community facilities; or

15 (2) Develop, on behalf of the State or with an eligible  
16 developer, the community facilities and then sell,  
17 lease, rent, or otherwise transfer or make available  
18 these facilities to nonprofit organizations or  
19 government agencies.

20 The corporation shall adopt rules pursuant to chapter 91  
21 necessary to implement this subsection.



1        § -53 Rate of wages for laborers and mechanics. The  
2 corporation shall require an eligible bidder or eligible  
3 developer of a housing project developed under this subpart to  
4 comply with the requirements of section 104-2 for those laborers  
5 and mechanics hired to work on that housing project; provided  
6 that this section shall not apply to a housing project developed  
7 under this chapter if the entire cost of the project is less  
8 than \$500,000 and the eligible bidder or eligible developer is a  
9 private nonprofit corporation.

10       § -54 Additional powers. The powers conferred upon the  
11 corporation by this subpart shall be in addition and  
12 supplemental to the powers conferred upon it by any other law,  
13 and nothing herein shall be construed as limiting any powers,  
14 rights, privileges, or immunities so conferred upon it.

15                    **PART III. FINANCING PROGRAMS**

16                            **A. General Provisions**

17        § -61 Bonds; authorization. (a) The corporation, with  
18 the approval of the governor, may issue from time to time bonds  
19 (including refunding bonds to pay, retire, or provide for the  
20 retirement of bonds previously issued by the corporation) in  
21 amounts not exceeding the total amount of bonds authorized to be  
22 issued by the legislature for any of its corporate purposes;



1 provided however, that bonds may be issued in connection with  
2 any program whose primary purpose is to provide housing for  
3 active or retired United States military personnel, their  
4 families, and other persons authorized by any branch of the  
5 United States military to reside in such housing; provided  
6 further that the aggregate principal amount of all outstanding  
7 bonds issued by the corporation for such military housing  
8 projects shall total no more than \$2,000,000,000.

9 (b) All bonds shall be issued pursuant to part III of  
10 chapter 39, except as provided in this part.

11 (c) The bonds shall be issued in the name of the  
12 corporation, and not in the name of the State. The final  
13 maturity date of the revenue bonds may be any date not exceeding  
14 sixty years from the date of issuance.

15 (d) The corporation may issue such types of bonds as it  
16 may determine, including, without limitation, bonds payable from  
17 and secured, in whole or in part, by:

18 (1) Income and revenues derived from the housing project  
19 or projects financed from the proceeds of bonds;

20 (2) Receipts derived from any grant from the federal  
21 government made in aid of a housing project or  
22 projects financed from the proceeds of bonds;





- 1       (3) Income and revenues derived from a particular  
2       designated housing project or projects whether or not  
3       financed, in whole or in part, from the proceeds of  
4       bonds;
- 5       (4) Receipts derived from any payment for "eligible  
6       loans", "eligible improvement loans", or "eligible  
7       project loans", as such terms are defined in subpart  
8       B, or any other agreement or agreements entered into  
9       for a "housing loan program", as the term is defined  
10      in subpart B or any other loan program administered by  
11      the corporation and financed from the proceeds of  
12      bonds;
- 13      (5) Receipts derived from loans to mortgage lenders or  
14      from the payment on account of principal of, or  
15      interest on loans purchased from mortgage lenders,  
16      which loans to mortgage lenders or loans purchased are  
17      financed from the proceeds of bonds;
- 18      (6) Moneys in any funds or accounts established in  
19      connection with the issuance of bonds, and any  
20      earnings thereon;
- 21      (7) Proceeds derived from any insurance;
- 22      (8) Income and revenues of the corporation generally; or



1       (9) Any combination of the above.

2       The terms "income and revenues" shall be deemed to include  
3       income and revenues derived from the sale of land or from both  
4       land and improvements thereon serviced from infrastructure  
5       financed from the proceeds of bonds as permitted by this  
6       subpart. The provisions of this subsection are in addition and  
7       supplemental to part III of chapter 39.

8       (e) Any of the bonds may be additionally secured by a  
9       pledge of any revenues or a mortgage of any housing project,  
10      other property of the corporation, the pledge or assignment of  
11      any loans or other agreements, or any note or other undertaking,  
12      obligation, or property held by or on behalf of the corporation  
13      to secure loans made from the proceeds of bonds for any "housing  
14      loan program", as the term is defined in subpart B or any other  
15      loan program administered by the corporation and financed from  
16      the proceeds of bonds.

17      (f) Any pledge made by the corporation shall create a  
18      perfected security interest in the revenues, moneys, or property  
19      so pledged and thereafter received by the corporation from and  
20      after the time that a financing statement with respect to the  
21      revenues, moneys, or property so pledged and thereafter received  
22      shall be filed with the bureau of conveyances. Upon the filing,



1 the revenues, moneys, or property so pledged and thereafter  
2 received by the corporation shall immediately be subject to the  
3 lien of the pledge without any physical delivery thereof or  
4 further act, and the lien of any pledge shall be prior to the  
5 lien of all parties having claims by any kind in tort, contract,  
6 or otherwise against the corporation, irrespective of whether  
7 the parties have notice thereof. This section shall apply to  
8 any financing statement heretofore or hereafter filed with the  
9 bureau of conveyances with respect to any pledge made to secure  
10 revenue bonds issued under this part.

11 (g) Any housing project or projects authorized by, and  
12 undertaken pursuant to this chapter shall constitute an  
13 "undertaking" within the meaning of that term as defined and  
14 used in part III, chapter 39; any loan program authorized by,  
15 and undertaken pursuant to this chapter, including without  
16 limitation housing loan programs defined in and authorized by  
17 subparts B and E of this part, shall constitute a "loan program"  
18 within the meaning of that term as defined and used in part III,  
19 chapter 39; and the corporation shall constitute a "department"  
20 and the board shall constitute a "governing body" within the  
21 meaning of those terms as defined and used in part III, chapter  
22 39.



1        (h) Neither the members of the corporation nor any person  
2 executing the bonds shall be liable personally on the bonds by  
3 reason of the issuance thereof.

4        **§ -62 Issuance of bonds for the development of**  
5 **infrastructure.** Without limiting section -61, the  
6 corporation, pursuant to, and in accordance with this subpart,  
7 is hereby authorized to issue bonds for the purpose of financing  
8 the development of infrastructure on land owned by the  
9 corporation.

10       **§ -63 Issuance of bonds for the preservation of low-**  
11 **income housing projects.** The corporation, pursuant to, and in  
12 accordance with this subpart, may issue bonds to purchase low-  
13 income housing projects financed by the United States Department  
14 of Housing and Urban Development in order to preserve these  
15 projects. Upon the payment of all interest and principal  
16 stemming from the issuance of these bonds, the corporation may  
17 transfer title to these projects to qualified nonprofit  
18 organizations. Nothing in this section shall be construed to:

19       (1) Prohibit qualified nonprofit or for profit  
20 organizations from operating these projects on behalf  
21 of the corporation, or providing for the repair and  
22 maintenance of these projects, before the payment of



1 all interest and principal stemming from the issuance  
2 of these bonds; or

3 (2) Prohibit the corporation from transferring title to  
4 these projects to qualified nonprofit or for profit  
5 organizations if these bonds can be secured to the  
6 satisfaction of the bondholders.

7 As used in this section, "qualified nonprofit organization"  
8 includes community-based nonprofit organizations and resident  
9 councils.

10 **§ -64 Bonds; interest rate, price and sale.** (a) The  
11 bonds shall bear interest at rates payable at times that the  
12 corporation, with the approval of the governor, may determine  
13 except for deeply discounted bonds that are subject to  
14 redemption or retirement at their accreted value; provided that  
15 the discounted value of the bonds shall not exceed ten per cent  
16 of any issue; and provided further that no bonds may be issued  
17 without the approval of the director of finance and the  
18 governor. Notwithstanding any other law to the contrary, the  
19 corporation may, subject to the approval of the director of  
20 finance and the governor, issue bonds pursuant to section  
21 -62, in which the discounted value of the bonds exceeds ten  
22 per cent of the issue.



1        (b) The corporation may include the costs of undertaking  
2 and maintaining any housing project or projects or loan program  
3 for which the bonds are issued in determining the principal  
4 amount of bonds to be issued. In determining the cost of  
5 undertaking and maintaining the housing projects, the  
6 corporation may include the cost of studies and surveys;  
7 insurance premiums; underwriting fees; financial consultant,  
8 legal, accounting, and other services incurred; reserve account,  
9 trustee, custodian, and rating agency fees; and interest on the  
10 bonds for a period determined by the corporation, or the  
11 estimated expenditure of borrowed funds for any loan program for  
12 which the bonds are issued.

13        **§ -65 Trustee; designation, duties.** (a) The  
14 corporation may designate a trustee for each issue of bonds  
15 secured under the same trust indenture; provided that the  
16 trustee shall be approved by the director of finance.

17        (b) The trustee shall be authorized by the corporation to  
18 receive and receipt for, hold, and administer the proceeds of  
19 the bonds, and to apply the proceeds to the purposes for which  
20 the bonds are issued.

21        (c) The trustee shall also be authorized by the  
22 corporation to hold and administer any housing project bond



1 special funds established pursuant to section -70, and to  
2 receive and receipt for, hold, and administer the revenues  
3 derived by the corporation from any housing project or projects  
4 or loan program for which the bonds are issued or the projects  
5 or loan programs pledged to the payment of the bonds, and to  
6 apply the revenues to the payment of the cost of administering,  
7 operating, and maintaining the housing project or projects or  
8 loan program, to pay the principal of and the interest on the  
9 bonds, to the establishment of reserves, and to other purposes  
10 as may be authorized in the proceedings providing for the  
11 issuance of the bonds.

12 (d) Notwithstanding section 39-68, the director of finance  
13 may appoint the trustee to serve as fiscal agent for:

14 (1) The payment of the principal of, and interest on the  
15 bonds; and

16 (2) The purchase, registration, transfer, exchange, and  
17 redemption of the bonds.

18 (e) The trustee shall perform additional functions with  
19 respect to the payment, purchase, registration, transfer,  
20 exchange, and redemption, as the director of finance may deem  
21 necessary, advisable, or expeditious, including the holding of



1 the bonds and coupons, if any, that have been paid and the  
2 supervision of their destruction in accordance with law.

3 (f) Nothing in this part shall limit or be construed to  
4 limit the powers granted to the director of finance in sections  
5 36-3, 39-13, and 39-68(a), to appoint the trustee or others as  
6 fiscal agents, paying agents, and registrars for the bonds or to  
7 authorize and empower those fiscal agents, paying agents, and  
8 registrars to perform the functions referred to in those  
9 sections.

10 § -66 Trust indenture. (a) A trust indenture may  
11 contain covenants and provisions authorized by part III of  
12 chapter 39, and as deemed necessary or convenient by the  
13 corporation for the purposes of this part.

14 (b) A trust indenture may allow the corporation to pledge  
15 and assign to the trustee agreements related to the housing  
16 project or projects or loan program and the rights of the  
17 corporation thereunder, including the right to receive revenues  
18 thereunder and to enforce the provision thereof.

19 (c) Where a trust indenture provides that any bond issued  
20 under that trust indenture is not valid or obligatory for any  
21 purpose unless certified or authenticated by the trustee, all





1 signatures of the officers of the State upon the bonds required  
2 by section 39-56 may be facsimiles of their signatures.

3 (d) A trust indenture shall also contain provisions as to:

4 (1) The investment of the proceeds of the bonds, the  
5 investment of any reserve for the bonds, the  
6 investment of the revenues of the housing project or  
7 system of housing projects, and the use and  
8 application of the earnings from investments; and

9 (2) The terms and conditions upon which the holders of the  
10 bonds or any portion of them or any trustee thereof  
11 may institute proceedings for the enforcement of any  
12 agreement or any note or other undertaking,  
13 obligation, or property securing the payment of the  
14 bonds and the use and application of the moneys  
15 derived therefrom.

16 (e) A trust indenture may also contain provisions deemed  
17 necessary or desirable by the corporation to obtain or permit,  
18 by grant, interest subsidy, or otherwise, the participation of  
19 the federal government in the housing projects or in the  
20 financing of the costs of administering, operating, or  
21 maintaining the housing projects.



1        § -67 Investment of reserves, etc. The corporation may  
2 invest any funds held in reserves or sinking funds or any funds  
3 not required for immediate disbursement, including the proceeds  
4 of bonds, in property or securities in which the director of  
5 finance may legally invest, as provided in section 36-21, except  
6 that funds held outside the state treasury may be invested for  
7 terms not to exceed thirty-five years. No provisions with  
8 respect to the acquisition, operation, or disposition of  
9 property by other public bodies shall be applicable to the  
10 corporation unless the legislature shall specifically so state.

11        § -68 Security for funds deposited by the corporation.

12 The corporation may by resolution provide that all moneys  
13 deposited by it shall be secured:

14        (1) By any securities by which funds deposited by the  
15 director of finance may be legally secured as provided  
16 in section 38-3; or

17        (2) By an undertaking with sureties as are approved by the  
18 corporation to keep and pay over faithfully upon the  
19 order of the corporation any deposits and agreed  
20 interest thereon, and all banks and trust companies  
21 are authorized to give any such security for such  
22 deposits.



1        § -69 Arbitrage provisions, interest rate. (a) Any  
2 other provision of law to the contrary notwithstanding, neither  
3 the corporation nor the director of finance shall make loans or  
4 purchase mortgages with the proceeds of general obligation bonds  
5 of the State or from a revolving fund established or maintained  
6 from the proceeds of bonds, at a rate of interest or upon terms  
7 and conditions which would cause any general obligation bond of  
8 the State or any bond to be an "arbitrage bond" within the  
9 meaning of that term as defined in the Internal Revenue Code of  
10 1986, as amended, and the regulations of the Internal Revenue  
11 Service promulgated pursuant thereto.

12        (b) The rate of interest on loans made under this chapter  
13 from the proceeds of general obligation bonds of the State shall  
14 be established by the corporation, with the approval of the  
15 director of finance, after each sale of general obligation bonds  
16 of the State, the proceeds of which are to be used for the  
17 purposes of making loans or purchasing mortgages under this  
18 chapter. If no sale of general obligation bonds of the State  
19 intervenes in a twelve-month period after the last rate fixing,  
20 the corporation may review the then existing rates on loans or  
21 mortgages made under this chapter from the proceeds of general  
22 obligation bonds of the State and retain the existing rate or,



1 with the approval of the director of finance, establish  
2 different rates.

3 (c) The director of finance shall approve those rates so  
4 as to produce up to, but not in excess of, the maximum yield to  
5 the State or the corporation permitted under the Internal  
6 Revenue Code of 1986, as amended, and the regulations of the  
7 Internal Revenue Service promulgated pursuant thereto, on the  
8 assumption that the general obligation bonds of the State, the  
9 proceeds of which have been or are to be used for the purposes  
10 of making loans or purchasing mortgages under this chapter,  
11 would otherwise be "arbitrage bonds" under the Internal Revenue  
12 Code of 1986, as amended, and the regulations of the Internal  
13 Revenue Service promulgated pursuant thereto, were the maximum  
14 yield to be exceeded. The establishment of the rates of  
15 interest shall be exempt from chapter 91.

16 **§ -70 Housing finance revolving fund; housing project**  
17 **bond special funds.** (a) There is created a housing finance  
18 revolving fund to be administered by the corporation.  
19 Notwithstanding sections 36-21 and -171, the proceeds in the  
20 fund shall be used for long-term and other special financings of  
21 the corporation and for the necessary expenses in administering  
22 this part.



1        (b) All moneys received and collected by the corporation,  
2 not otherwise pledged or obligated nor required by law to be  
3 placed in any other special fund, shall be deposited in the  
4 housing finance revolving fund.

5        (c) A separate special fund shall be established for each  
6 housing project or system of housing projects or loan program  
7 financed from the proceeds of bonds secured under the same trust  
8 indenture. Each fund shall be designated "housing project bond  
9 special fund" or "housing loan program revenue bond special  
10 fund", as appropriate, and shall bear additional designation as  
11 the corporation deems appropriate to properly identify the fund.

12        (d) Notwithstanding any other law to the contrary, all  
13 revenues, income, and receipts derived from a housing project or  
14 system of projects or loan program financed from the proceeds of  
15 bonds or pledged to the payment of principal of, and interest  
16 and premium on bonds, shall be paid into the housing project  
17 bond special fund established for the housing project or system  
18 of projects or loan program and applied as provided in the  
19 proceedings authorizing the issuance of the bonds.

20        **§ -71 Kikala-Keokea housing revolving fund; established.**

21        (a) There is established in the state treasury the Kikala-  
22 Keokea housing revolving fund to provide low interest loans for



1 home construction for Kikala-Keokea leaseholders who have been  
2 denied loans from traditional financial institutions. The  
3 revolving fund shall be administered by the corporation.

4 (b) The rate of interest on loans executed pursuant to  
5 this section shall not exceed three per cent per year and  
6 interest earnings on loans made pursuant to this section may be  
7 used for administrative and other expenses necessary for  
8 administering the loan program. Guidelines shall be established  
9 by the corporation with respect to loan terms and loan  
10 qualification criteria. Moneys appropriated for the purposes of  
11 this section shall be deposited into the Kikala-Keokea housing  
12 revolving fund; provided that upon fulfillment of the purposes  
13 of this section, all unencumbered moneys shall lapse into the  
14 state general fund.

15 (c) The corporation shall adopt rules in accordance with  
16 chapter 91 to effectuate the purposes of this section.

17 § -72 Rate of wages for laborers and mechanics. The  
18 corporation shall require an eligible bidder or eligible  
19 developer of a housing project developed under this subpart to  
20 comply with the requirements of section 104-2 for those laborers  
21 and mechanics hired to work on that housing project; provided  
22 that this section shall not apply to a housing project developed



1 under this chapter if the entire cost of the project is less  
2 than \$500,000 and the eligible bidder or eligible developer is a  
3 private nonprofit corporation.

4 § -73 Additional powers. The powers conferred upon the  
5 corporation by this subpart shall be in addition and  
6 supplemental to the powers conferred upon it by any other law,  
7 and nothing herein shall be construed as limiting any powers,  
8 rights, privileges, or immunities so conferred upon it.

9 B. Housing Loan and Mortgage Program

10 § -81 Definitions. The following words or terms as used  
11 in this subpart shall have the following meanings unless a  
12 different meaning clearly appears from the context:

13 "Eligible borrower" means a person or family, irrespective  
14 of race, creed, national origin, or sex, who:

15 (1) Is a citizen of the United States or a resident alien;

16 (2) Is a bona fide resident of the State;

17 (3) Is at least of legal age;

18 (4) Does not personally, or whose spouse does not if the  
19 person is married, own any interest in a principal  
20 residence within or without the State and who has not  
21 owned a principal residence within the three years  
22 immediately prior to the application for an eligible



1           loan under this part, except this requirement shall  
2           not apply to any eligible loan for a targeted area  
3           residence as defined in the Mortgage Subsidy Bond Tax  
4           Act of 1980, Public Law 96-499, which residence is to  
5           replace a housing unit which has been declared  
6           structurally unsalvageable by a governmental board or  
7           agency having the power to make the declaration; and  
8           provided further that this requirement shall not apply  
9           to up to ten per cent of eligible loans of a bond  
10          issue made to single parent household borrowers. No  
11          loans, however, shall be made if they adversely affect  
12          the tax-exempt status of the bonds issued. For the  
13          purpose of this section, "single parent household"  
14          means a household headed by a single person who has  
15          legal custody of one or more dependent children;  
16          (5) Has never before obtained a loan under this part; and  
17          (6) Meets other qualifications as established by rules  
18          adopted by the corporation pursuant to chapter 91.  
19          "Eligible improvement" means alterations, repairs, or  
20          improvements to an existing housing unit which substantially  
21          protect or improve the basic livability of the unit.





1       "Eligible improvement loan" means a loan to finance an  
2 eligible improvement to the owner of the housing unit, which may  
3 be a condominium unit, where the eligible improvement is to be  
4 made; provided that the owner meets the requirements of an  
5 eligible borrower, except that the requirements of paragraph (4)  
6 set forth in the definition of "eligible borrower" need not  
7 apply, the unit to be financed is located in the State, the unit  
8 will be occupied as the principal place of residence of the  
9 borrower, and meets other requirements as established by rules  
10 adopted by the corporation pursuant to chapter 91.

11       "Eligible loan" means a loan to an eligible borrower for  
12 the permanent financing of a dwelling unit, including a  
13 condominium unit; provided that the property financed is located  
14 in the State, will be occupied as the principal place of  
15 residence by the eligible borrower, and meets other requirements  
16 as established by rules adopted by the corporation.

17       "Eligible project loan" means an interim or permanent loan,  
18 which may be federally insured or guaranteed, made to a  
19 qualified sponsor for the financing of a rental housing project,  
20 and which meets other requirements as established by rules  
21 adopted by the corporation pursuant to chapter 91.



1       "Housing loan programs" includes all or any part of the  
2 loan to lenders program, the purchase of existing loans program,  
3 the advance commitments program, and the loan funding programs  
4 authorized under this part.

5       "Qualified sponsor" means any person or entity determined  
6 by the corporation:

- 7       (1) To be qualified by experience, financial  
8 responsibility, and support to construct a housing  
9 project of the type and magnitude described;
- 10       (2) To have submitted plans for a project adequately  
11 meeting the objectives of this chapter, the  
12 maintenance of aesthetic values in the locale of the  
13 project, and the requirements of all applicable  
14 environmental statutes and rules; and
- 15       (3) To meet other qualifications as established by rules  
16 adopted by the corporation pursuant to chapter 91.

17       § -82 Owner-occupancy requirement. (a) An eligible  
18 borrower shall utilize the dwelling unit purchased under this  
19 part as the eligible borrower's permanent and primary residence.

20       (b) From time to time, the corporation may submit a  
21 verification of owner-occupancy form to the eligible borrower.  
22 Failure to respond to this verification in a timely manner may



1 result in an immediate escalation of the interest rate or  
2 acceleration of the eligible loan.

3 (c) For eligible borrowers in the process of selling or  
4 transferring title to their property, the corporation may grant  
5 a waiver of subsection (a) for a period not to exceed three  
6 years and for reasons pursuant to section -49 on a case-by-  
7 case basis.

8 **§ -83 Rules; eligible borrower.** (a) The corporation  
9 shall establish the qualifications of the eligible borrower, and  
10 may consider the following:

- 11 (1) The proportion of income spent for shelter;  
12 (2) Size of the family;  
13 (3) Cost and condition of housing available to the total  
14 housing market; and  
15 (4) Ability of the person to compete successfully in the  
16 normal housing market and to pay the amounts on which  
17 private enterprise is providing loans for safe,  
18 decent, and sanitary housing in the State.

19 (b) The family income of an eligible borrower shall not  
20 exceed the income requirements of section 143(f) of the Internal  
21 Revenue Code of 1986, as amended.



1        (c) For the purpose of determining the qualification of an  
2 eligible borrower for an eligible improvement loan:

3        (1) The housing unit for which the eligible improvement  
4 loan is to be made and the property on which the  
5 housing unit is situated shall not be included in the  
6 calculation of the eligible borrower's assets; and

7        (2) The mortgage secured by the housing unit and property  
8 shall not be included in the calculation of the  
9 eligible borrower's liabilities.

10       (d) For the purpose of determining the qualification of an  
11 eligible borrower for an eligible loan for a targeted area  
12 residence:

13       (1) The housing unit being replaced and the property on  
14 which the housing unit is situated shall not be  
15 included in the calculation of the eligible borrower's  
16 assets; and

17       (2) The mortgage secured by the housing unit and the  
18 property shall not be included in the calculation of  
19 the eligible borrower's liabilities.

20       **§ -84 Rules; eligible loans.** (a) The corporation shall  
21 establish requirements for property financed by an eligible



1 loan, and may consider the location, age, condition, and other  
2 characteristics of the property.

3 (b) The corporation shall establish restrictions on the  
4 terms, maturities, interest rates, collateral, and other  
5 requirements for eligible loans pursuant to rules according to  
6 chapter 91.

7 (c) All eligible loans made shall comply with applicable  
8 state and federal laws.

9 **§ -85 Rules; eligible project loans.** (a) The  
10 corporation shall establish requirements for projects to be  
11 financed by an eligible project loan, and may consider the  
12 location, age, condition, and other characteristics of the  
13 project.

14 (b) The corporation shall establish restrictions on the  
15 terms, maturities, interest rates, and other requirements for  
16 eligible project loans.

17 (c) The corporation shall establish restrictions on the  
18 prepayment of eligible project loans and on the transfer of  
19 ownership of the projects securing eligible project loans.

20 (d) The corporation shall require that any sums deferred  
21 on land leased at nominal rates by the corporation to the owner  
22 of an eligible project shall be recovered by the corporation at



1 the time an eligible project loan is prepaid, whether as a  
2 result of refinancing of the eligible project loan or otherwise,  
3 to the extent that funds are available from the refinancing or  
4 other method by which the eligible project loan is paid in full  
5 prior to its due date.

6 (e) The corporation shall enter into an agreement with the  
7 owner of an eligible project to be financed with an eligible  
8 project loan which shall provide that in the event that the  
9 eligible project loan is at any time prepaid for the purpose of  
10 converting the rental units of the project to ownership units,  
11 all tenants at the time of the proposed conversion shall have  
12 the first option to purchase their units.

13 (f) All eligible project loans shall comply with  
14 applicable state and federal laws.

15 (g) Requirements and restrictions under this section shall  
16 be adopted pursuant to rules under chapter 91.

17 **§ -86 Rules; eligible improvement loans.** (a) The  
18 corporation shall establish requirements for property financed  
19 by an eligible improvement loan, and may consider the location,  
20 age, condition, value, and other characteristics of the  
21 property.



1        (b) The corporation shall establish restrictions on the  
2 terms, maturities, interest rates, collateral, and other  
3 requirements for eligible improvement loans.

4        (c) All eligible improvement loans made shall comply with  
5 applicable state and federal laws.

6        (d) Requirements and restrictions under this section shall  
7 be adopted pursuant to rules under chapter 91.

8        **§ -87 Housing loan programs; procedures and**

9 **requirements.**    (a) The corporation shall establish procedures  
10 for:

11        (1) The submission of requests or the invitation of  
12 proposals for loans to mortgage lenders;

13        (2) The purchase of existing loans by auction, invitation  
14 of tenders, or negotiation;

15        (3) The making of advance commitments to purchase and the  
16 purchasing of eligible loans, eligible improvement  
17 loans, or eligible project loans to be made by  
18 mortgage lenders by auction, invitation of tenders, or  
19 negotiation; and

20        (4) Loan applications made through mortgage lenders to  
21 eligible borrowers or qualified sponsors.



1        (b) The corporation shall establish standards and  
2 requirements for:

3        (1) The allocation of loans to mortgage lenders;

4        (2) The allocation of funds to purchase existing loans  
5 from mortgage lenders;

6        (3) The making of advance commitments and allocation of  
7 funds to purchase eligible loans, eligible improvement  
8 loans, or eligible project loans from mortgage  
9 lenders; and

10       (4) The participation by mortgage lenders as originators  
11 and processors of eligible loans, eligible improvement  
12 loans, or eligible project loans on behalf of the  
13 corporation.

14       (c) The standards and requirements for the allocation of  
15 funds to mortgage lenders adopted by rule, pursuant to chapter  
16 91, by the corporation, shall be designed to include the maximum  
17 number of qualified mortgage lenders as participants in the  
18 housing loan programs.

19       **§ -88 Housing loan programs; general powers.** (a) The  
20 corporation may enter into, and enforce all contracts or  
21 agreements which are necessary, convenient, or desirable for the





1 purposes of the performance of its duties in executing the  
2 housing loan programs.

3 (b) The corporation may require representations and  
4 warranties as it determines necessary to secure its loans.

5 § -89 Housing loan programs; self-supporting. The  
6 interest rate, fees, charges, premiums, and other terms of the  
7 loans made under the housing loan programs shall be sufficient  
8 to pay the cost of administering and maintaining the portion of  
9 the specific housing loan programs for which the bonds have been  
10 issued, and to assure payment of the principal of, and interest  
11 on the bonds as they become due.

12 § -90 Housing loan program; fees. The corporation may  
13 establish, revise, charge, and collect fees, premiums, and  
14 charges as necessary, reasonable, or convenient, for its housing  
15 loan programs. The fees, premiums, and charges shall be  
16 deposited into the housing loan program revenue bond special  
17 fund established for the particular housing loan program or part  
18 thereof from which the fees, premiums, and charges are derived  
19 as determined by the corporation.

20 § -91 Housing loan programs; evidence of eligible loan,  
21 eligible improvement loans, or eligible project loan. (a) Each  
22 mortgage lender who participates in any housing loan program



1 shall submit evidence, as deemed satisfactory by the  
2 corporation, that eligible loans, eligible improvement loans, or  
3 eligible project loans have been made from the proceeds of the  
4 bonds.

5 (b) The corporation may inspect the books and records of  
6 the mortgage lenders as necessary for the purposes of this  
7 section.

8 **§ -92 Loans to lenders program.** (a) The corporation  
9 may make loans to mortgage lenders under terms and conditions  
10 requiring that the loan proceeds be used within a time period  
11 prescribed by the corporation to make eligible loans, eligible  
12 improvement loans, and eligible project loans in an aggregate  
13 principal amount substantially equal to the amount of the loan.

14 (b) The loan made to a mortgage lender shall be a general  
15 obligation of the respective mortgage lender.

16 (c) The loan as determined by the corporation shall:

17 (1) Bear a date or dates;

18 (2) Mature at a time or times;

19 (3) Be evidenced by a note, bond, or other certificate of  
20 indebtedness;

21 (4) Be subject to prepayment; and

22 (5) Contain other provisions consistent with this part.



1        (d) Subject to any agreement with the holders of its  
2 bonds, the corporation may consent to any modification to the  
3 rate of interest, time, and payment of any installment of  
4 principal or interest, security, or any other term of any loan  
5 to a mortgage lender or any bond, note, contract, or agreement  
6 of any kind to which the corporation is a party.

7        **§ -93 Loan to lenders program; collateral security.** (a)  
8 Loans made to mortgage lenders shall be additionally secured by  
9 a pledge of a lien upon collateral security in an amount as the  
10 corporation deems necessary to assure the payment of principal  
11 of, and interest on the loans as they become due.

12        (b) The corporation shall determine the nature and type of  
13 collateral security required.

14        (c) A statement designating the collateral security  
15 pledged, the mortgage lender pledging the collateral, and the  
16 corporation's interest in the pledged collateral may be filed  
17 with the bureau of conveyances. Where a statement has been  
18 filed, no possession, further filing, or other action under any  
19 state law shall be required to perfect any security interest  
20 which may be deemed to have been created in favor of the  
21 corporation. The mortgage lender shall be deemed the trustee of



1 an express trust for the benefit of the corporation in all  
2 matters relating to the pledged collateral.

3 (d) Subject to any agreement with the holders of its  
4 bonds, the corporation may collect, enforce the collection of,  
5 and foreclose on any collateral securing its loans to mortgage  
6 lenders. The corporation may acquire, take possession of, sell  
7 at public or private sale with or without bidding, or otherwise  
8 deal with the collateral to protect its interests.

9 **§ -94 Purchase of existing loans program.** (a) The  
10 corporation may contract with a mortgage lender to purchase, in  
11 whole or in part, existing loans, whether or not eligible loans,  
12 eligible improvement loans, or eligible project loans. The  
13 contract may contain provisions as determined by the corporation  
14 to be necessary or appropriate to provide security for its  
15 bonds, including but not limited to provisions requiring the:

16 (1) Repurchase of the loans, in whole or in part, by  
17 mortgage lenders at the option of the corporation;  
18 (2) Payments of premiums, fees, charges, or other amounts  
19 by mortgage lenders to provide a reserve or escrow  
20 fund for the purposes of protecting against loan  
21 defaults; and



1       (3) Guarantee by, or for recourse against, mortgage  
2           lenders, with respect to defaults on these loans of  
3           the corporation.

4       (b) The corporation shall require as a condition of each  
5 purchase of existing loans from a mortgage lender that the  
6 mortgage lender proceed to make and disburse eligible loans,  
7 eligible improvement loans, or eligible project loans in an  
8 aggregate principal amount substantially equal to the amount of  
9 the proceeds from the purchase by the corporation of loans  
10 therefrom.

11       § -95 Advance commitments program. (a) The corporation  
12 may contract with a mortgage lender for the advance commitment  
13 to purchase eligible loans, eligible improvement loans, or  
14 eligible project loans.

15       (b) The contract may contain provisions, as determined by  
16 the corporation, to be necessary or appropriate to provide  
17 security for its bonds. Notwithstanding any other law to the  
18 contrary, project loans may be made available for housing  
19 projects on Hawaiian home lands pursuant to the Hawaiian Homes  
20 Commission Act, 1920, as amended.

21       § -96 Loan funding programs. (a) The corporation may  
22 contract with mortgage lenders to fund eligible loans and



1 eligible improvement loans and may directly make or contract  
2 with mortgage lenders to fund eligible project loans.

3 (b) Any such contract with a mortgage lender may contain  
4 provisions as determined by the corporation to be necessary or  
5 appropriate to provide security for its revenue bonds.

6 § -97 Loans; service and custody. The corporation may  
7 contract for the service and custody of its loans. The contract  
8 may provide for the payment of fees or charges for the services  
9 rendered; provided that the fees or charges shall not exceed the  
10 usual, customary, and reasonable charges for the services  
11 rendered.

12 § -98 Loans; sale, pledge, or assignment. (a) Subject  
13 to any agreements with the holders of its revenue bonds, the  
14 corporation may sell its loans at public or private sale at a  
15 price and upon terms and conditions as it determines.

16 (b) Subject to any agreements with holders of its revenue  
17 bonds, the corporation may pledge or assign its loans, other  
18 agreements, notes, or property to secure the loans or  
19 agreements.

20 § -99 Loans; insurance and guarantees. The corporation  
21 may procure insurance or guarantees against any default of its



1 loans, in amounts and from insurers or guarantors, as it deems  
2 necessary or desirable.

3 § -100 Loans; default. The corporation may renegotiate,  
4 refinance, or foreclose any loan in default.

5 The corporation may waive any default or consent to the  
6 modification of the terms of any loan or security agreement.

7 The corporation may commence any action to protect or  
8 enforce any right conferred upon it by any law, mortgage,  
9 insurance policy, contract, or other agreement.

10 The corporation may bid for and purchase the property  
11 secured by the loan at any foreclosure or other sale, or acquire  
12 or take possession of the property secured by the loan.

13 The corporation may operate, manage, lease, dispose of, or  
14 otherwise deal with the property secured by the loan.

15 § -101 Additional powers. The powers conferred upon the  
16 corporation by this subpart shall be in addition and  
17 supplemental to the powers conferred upon it by any other law,  
18 and nothing herein shall be construed as limiting any powers,  
19 rights, privileges, or immunities so conferred upon it.

20 C. Rental Assistance Program

21 § -111 Purpose; findings and determinations. The  
22 legislature finds and declares that the health and general



1 welfare of the people of the State require that the people of  
2 this State have safe and sanitary rental housing accommodations  
3 available at affordable rents; that a grave shortage in the  
4 number of such accommodations affordable by families and  
5 individuals of low and moderate income in the State exists; that  
6 it is essential that owners of rental housing accommodations be  
7 provided with appropriate additional means to assist in reducing  
8 the cost of rental housing accommodations to the people of the  
9 State.

10 Additionally, the legislature finds that the high cost of  
11 infrastructure development and the obtaining of interim  
12 construction financing are two of the greatest impediments to  
13 the production of affordable rental housing in this State. It  
14 is especially difficult for private nonprofit and profit  
15 entities to participate in the development of affordable housing  
16 due to the difficulty in amassing the capital necessary to plan  
17 and carry a project to completion.

18 It is the purpose of this subpart to:

19 (1) Assist owners in maintaining the rentals at levels  
20 affordable by families and individuals of low and  
21 moderate income by providing owners with rental  
22 assistance payments which, with rentals received by





1 tenants of low and moderate income, will provide  
2 owners with limited but acceptable rates of return on  
3 their investments in rental housing accommodations;  
4 and that assisting owners by entering into contracts  
5 with them which provide for rental assistance payments  
6 is a valid public purpose and in the public interest;  
7 and

8 (2) Provide a funding source for interim construction  
9 financing for the development of affordable rental  
10 housing by private nonprofit and profit entities, as  
11 well as the corporation; provided that in allotting  
12 this financing, the corporation shall give preference  
13 to qualified sponsors who are private nonprofit and  
14 profit entities.

15 **§ -112 Definitions.** The following words or terms as  
16 used in this subpart shall have the following meanings unless a  
17 different meaning clearly appears from the context:

18 "Eligible project" means a rental housing project which:

19 (1) Is financed by the corporation pursuant to subpart B  
20 or E, or the corporation determines will require  
21 rental assistance to make it financially feasible;



- 1       (2) Is subject to a regulatory agreement with the  
2           corporation;
- 3       (3) Maintains at least twenty per cent of its units for  
4           eligible tenants; and
- 5       (4) Meets other qualifications as established by rules  
6           adopted by the corporation.

7       Notwithstanding any provisions of law to the contrary,  
8       "eligible project" may also include a rental housing project  
9       which is financed by the corporation pursuant to part VI subpart  
10      A.

11       "Eligible tenant" means a family or an individual whose  
12       income does not exceed eighty per cent of the area median income  
13       as determined by the United States Department of Housing and  
14       Urban Development.

15       "Owner" means the owner of an eligible project.

16       "Regulatory agreement" means an agreement between the  
17       corporation and the owner relating to an eligible project which  
18       includes provisions relating to rents, charges, profits, return  
19       on owner's equity, development costs, and methods of operation.

20       "Rental assistance contract" means an agreement between an  
21       owner and the corporation providing for periodic rental  
22       assistance payment for units in an eligible project.



1        § -113 Rental assistance revolving fund. (a) There is  
2        created a rental assistance revolving fund to be administered by  
3        the corporation.

4        (b) The aggregate principal sum in the rental assistance  
5        revolving fund which without limitation, may include sums made  
6        available from any government program or grant, from private  
7        grants or contributions, from the proceeds of any bond issue, or  
8        by appropriation, shall be invested by the corporation in a  
9        manner which will maximize the rate of return on investment of  
10       the fund; provided that any investment shall be consistent with  
11       section -67 but need not comply with section 36-21.

12       (c) The corporation may use, as needed, the aggregate  
13       principal sum and the accumulated earnings in the rental  
14       assistance revolving fund to make payments under the rental  
15       assistance contracts or to subsidize tenants' rents in projects  
16       developed under this part; provided that the corporation shall  
17       use up to \$25,000,000 plus any bond proceeds to provide interim  
18       construction financing to:

19       (1) Qualified sponsors who are private nonprofit or profit  
20       entities; or

21       (2) The corporation, for the development of affordable  
22       rental housing; provided further that the corporation,



1 in allotting interim construction financing moneys  
2 pursuant to this part, shall give preference to rental  
3 housing projects developed by qualified sponsors who  
4 are private nonprofit or profit entities.

5 **§ -114 Rental assistance contracts.** (a) The  
6 corporation may enter into a rental assistance contract and a  
7 regulatory agreement with the owner of an eligible project, when  
8 the owner of an eligible project is other than the corporation.

9 (b) Prior to the execution of a rental assistance  
10 contract, the corporation may execute an agreement to enter into  
11 a rental assistance contract with an owner, which agreement  
12 shall provide for the execution of a rental assistance contract  
13 upon satisfaction of the terms set forth in such agreement and  
14 otherwise established by the corporation. Each rental  
15 assistance contract heretofore entered into by the corporation  
16 which provided that rental assistance payments shall be made  
17 solely from the earnings on the investment of the rental  
18 assistance revolving fund shall hereafter, without modification  
19 of such contracts, be payable from the aggregate principal sum  
20 and the accumulated earnings in the rental assistance revolving  
21 fund.



1       (c) A rental assistance contract and any subsidy of  
2 tenants' rents in projects developed under this part shall be  
3 for a term not in excess of thirty-five years and shall be  
4 approved by the board of directors of the corporation. Upon  
5 approval by the corporation, the director of finance is  
6 authorized to guarantee the obligation of the corporation for  
7 the term of the rental assistance contract or the subsidy of  
8 tenants' rents in an amount equal to the aggregate obligation of  
9 the corporation to make assistance payments; provided that the  
10 aggregate of all outstanding guarantees shall not exceed  
11 \$100,000,000. Pursuant to the guarantee, the corporation shall  
12 make annual rental payments to the owner in accordance with the  
13 approved rental assistance contract or to the tenants in  
14 accordance with the approved subsidy.

15       (d) Each rental assistance contract shall set forth a  
16 maximum annual rental assistance payment amount. The  
17 corporation shall establish procedures for determining the  
18 maximum annual rental assistance payment amount and may consider  
19 the following:

- 20       (1) The cost of constructing the eligible project;  
21       (2) The estimated annual operating cost of the eligible  
22       project;



1       (3) The estimated maximum rentals which may be charged for  
2       units in the eligible project;

3       (4) The amount of funds available for the funding of  
4       rental assistance contracts;

5       (5) The number of eligible projects requiring assistance  
6       under this part; and

7       (6) A restricted rate of return on equity to the owner,  
8       which rate shall be established by the corporation by  
9       rule adopted pursuant to chapter 91.

10       § -115 Rules, rental assistance program. (a) Prior to  
11 the execution of a rental assistance contract and annually  
12 thereafter, the owner shall submit a proposed rental schedule to  
13 the corporation for approval that shall list every rental unit  
14 in the project and designate which units are to be maintained  
15 for eligible tenants.

16       (b) The corporation shall establish procedures for  
17 evaluating the rental schedules submitted pursuant to this  
18 section, and may consider the following:

19       (1) The size of and number of bedrooms in the units  
20       comprising the eligible project;

21       (2) The location of the project and its type (whether  
22       high-rise, mid-rise, or low-rise);



1       (3) The percentage of units being maintained for eligible  
2           tenants; and

3       (4) The rentals prevalent in the open market for  
4           comparable units.

5       (c) Annually, following the approval of the rental  
6       schedule submitted pursuant to the preceding section, the  
7       corporation shall determine the amount of rental assistance  
8       payments payable to the owner for the forthcoming year, which  
9       shall under no circumstances exceed the maximum annual rental  
10       assistance payment amount determined in accordance with section  
11       -114. The amount determined pursuant to this subsection  
12       shall take into account the estimated amount to be derived by  
13       the owner from rentals to be charged for the forthcoming year  
14       and the limited rate of return on equity permitted in accordance  
15       with section -114(d)(6).

16       (d) The corporation shall establish standards and  
17       requirements pursuant to rules adopted pursuant to chapter 91,  
18       for:

19       (1) The awarding of rental assistance contracts and the  
20           allocation of annual rental assistance payments;

21       (2) The form of lease to be utilized by the owner in  
22           renting units in an eligible project;



- 1       (3) The marketing and tenant selection and admission  
2           processes to be employed by the owner with respect to  
3           an eligible project; and
- 4       (4) The maintenance and operation of eligible projects.
- 5       (e) The corporation shall establish procedures pursuant to  
6 rules adopted pursuant to chapter 91, for:
- 7       (1) The annual review of rental schedules for eligible  
8           projects;
- 9       (2) The periodic review of the income of tenants renting  
10           units in eligible projects; and
- 11       (3) The periodic inspection of eligible projects to  
12           monitor the owners' compliance with the terms and  
13           conditions of their rental assistance contracts.
- 14       (f) When an eligible project is not owned by the  
15 corporation, the corporation shall be entitled to share in the  
16 appreciation in value of units maintained for eligible tenants  
17 within an eligible project realized at the time of refinancing  
18 or prepayment of the eligible project loan. The corporation's  
19 share shall be calculated by multiplying the appreciation in  
20 value of units maintained for eligible tenants realized upon  
21 refinancing or prepayment by the ratio of the owner's equity to  
22 the discounted value of the aggregate rental assistance





1 payments. The discount rate shall be established by rules  
2 adopted by the corporation.

3 The corporation shall exempt projects owned by a county  
4 from the shared appreciation requirement set forth in this  
5 section if all of the following requirements are met:

6 (1) The funds derived by the county as a result of  
7 appreciation in value of the units are used for  
8 housing projects wherein:

9 (A) At least sixty per cent of the project is  
10 affordable to families earning one hundred per  
11 cent or less of the applicable area median  
12 income; and

13 (B) At least half of the foregoing sixty per cent is  
14 affordable to families earning eighty per cent or  
15 less of the applicable area median income; and

16 (2) The project from which the appreciation in value is  
17 derived remains as affordable as it was prior to the  
18 refinancing or prepayment of the eligible project  
19 loan.

20 **§ -116 Benefits of program not exclusive.** Nothing in  
21 this subpart shall be construed to prohibit, with respect to an  
22 eligible project, the operation of the rental assistance program



1 in conjunction with other state or federal programs including  
2 the state rent supplements provided for in subpart D.

3 § -117 Additional powers. The powers conferred upon the  
4 corporation by this subpart shall be in addition and  
5 supplemental to the powers conferred by any other law, and  
6 nothing herein shall be construed as limiting any powers,  
7 rights, privileges, or immunities so conferred.

8 **D. Taxable Mortgage Securities Programs**

9 § -121 Definitions. Whenever used in this subpart,  
10 unless the context otherwise requires:

11 "Eligible borrower" means:

12 (1) Any person or family, irrespective of race, creed,  
13 national origin, or sex, who:

14 (A) Is a citizen of the United States or a declarant  
15 alien;

16 (B) Is a bona fide resident of the State;

17 (C) Is at least of legal age;

18 (D) Does not personally, or whose spouse if the  
19 person is married, own a majority interest in any  
20 residential property in the State; and

21 (E) Meets other qualifications as established by  
22 rules adopted by the corporation; or



1       (2) A qualified sponsor of an affordable housing project  
2           who meets the qualification requirements as  
3           established by rules adopted by the corporation.

4       "Eligible loan" or "loan" means:

5       (1) A loan to an eligible borrower for the purchase of a  
6           housing unit, including a condominium unit; provided  
7           that the property financed is located in the State,  
8           will be occupied as the principal place of residence  
9           by the eligible borrower, and meets other requirements  
10          as established by rules adopted by the corporation  
11          pursuant to chapter 91; or

12       (2) An interim or permanent loan, which may be federally  
13           insured or guaranteed, made to a qualified sponsor for  
14           the financing of an affordable housing project, and  
15           which meets other requirements as established by rules  
16           adopted by the corporation.

17       "Housing loan programs" include all or any part of the loan  
18       programs authorized in section -122.

19       § -122 Housing loan programs; authorization. (a) The  
20       corporation may establish under this subpart one or more  
21       eligible loan programs.



1        (b) The corporation may invest in, make, purchase, take  
2 assignments of, or otherwise acquire or make commitments to  
3 invest in, make, purchase, take assignments of, or otherwise  
4 acquire any eligible loans or any partial interest or  
5 participation therein held by or on behalf of the corporation.

6        (c) The corporation may sell, assign, or otherwise dispose  
7 of or enter into commitments to sell, assign, or otherwise  
8 dispose of any eligible loans or any partial interest or  
9 participation therein held by or on behalf of the corporation.

10       (d) The corporation may acquire any obligation under  
11 conditions which require the seller of the obligation to use the  
12 proceeds of the sale for the purpose of financing eligible  
13 loans.

14       **§ -123 Housing loan programs; procedures and**  
15 **requirements.** (a) The corporation may establish procedures and  
16 requirements for:

17       (1) The purchase of loans from mortgage lenders by  
18 auction, invitation of tender, advance commitment, or  
19 other negotiation;

20       (2) The making of loans through mortgage lenders to  
21 eligible borrowers or qualified sponsors;



1       (3) The allocation to mortgage lenders of money made  
2           available under this subpart; and

3       (4) The participation by mortgage lenders as originators  
4           and processors of loans on behalf of the corporation  
5           under this subpart.

6       (b) The corporation may adopt rules pursuant to chapter  
7       91, necessary or convenient for the operation of the housing  
8       loan programs established under this subpart.

9       § -124 Housing loan programs; general powers. (a) The  
10       corporation may make, enter into, and enforce all contracts or  
11       agreements which are necessary, convenient, or desirable for the  
12       purpose of the performance of its powers under this subpart.

13       (b) The corporation may establish, revise, charge, and  
14       collect fees, premiums, and charges as necessary, reasonable, or  
15       convenient in connection with its housing loan programs  
16       established under this subpart. The fees, premiums, and charges  
17       shall be deposited into funds as determined by the corporation.

18       (c) The corporation may contract for the servicing and  
19       custody of any loans or other obligations acquired under this  
20       subpart.



1        (d) The corporation may procure insurance against any  
2 default of its loans from insurers in amounts deemed necessary  
3 or desirable.

4        (e) Subject to any agreements with the holders of its  
5 bonds, the corporation may renegotiate, refinance, or foreclose  
6 any loan in default; and may commence any action to protect or  
7 enforce any right conferred upon it by any law, or as provided  
8 in any mortgage, insurance policy, contract, or other agreement;  
9 and may bid for and purchase the property secured by the loan at  
10 any foreclosure or other sale; or acquire, or take possession of  
11 the property secured by the loan and may operate, manage, lease,  
12 dispose of, or otherwise deal with the property securing the  
13 loan.

14        § -125 Additional powers. The powers conferred upon the  
15 corporation by this subpart shall be in addition and  
16 supplemental to the powers conferred upon it by any other law,  
17 and nothing herein shall be construed as limiting any powers,  
18 rights, privileges, or immunities so conferred upon it.

19                    **E. State Mortgage Guarantee Program**

20        § -131 State mortgage guarantee. (a) The corporation  
21 may guarantee:



- 1       (1) Up to the top twenty-five per cent of the principal  
2       balance of real property mortgage loans for the  
3       purchase of qualified single-family or multifamily  
4       housing units;
- 5       (2) A maximum of one hundred per cent of the principal  
6       balance of real property mortgage loans of qualified  
7       single-family housing under section 213 of the  
8       Hawaiian Homes Commission Act; or
- 9       (3) Up to one hundred per cent of the principal balance of  
10       real property mortgage loans of single-family or  
11       multifamily housing developed under self-help or shell  
12       housing programs;
- 13       plus the interest due thereon, made to qualified borrowers by  
14       qualified private lenders; provided that at no time shall the  
15       corporation's liability, contingent or otherwise, on these  
16       guarantees exceed \$10,000,000.

17       For the purposes of this section, the term "self-help  
18       housing program" means development or preservation of housing in  
19       which prospective homeowners have contributed labor, materials,  
20       or real property; provided that at least two-thirds of the  
21       participating homeowners are qualified by income for assistance



1 under this subpart and that the program is carried out under the  
2 sponsorship of a nonprofit community development organization.

3 For the purposes of this section, the term "shell housing  
4 program" means development of housing which is habitable but  
5 unfinished and can be completed or expanded; provided that at  
6 least one hundred per cent of the participating homeowners are  
7 qualified by income for assistance under this chapter and that  
8 the program is carried out under the sponsorship of a public,  
9 nonprofit, or private organization.

10 (b) The loans shall be secured by a duly recorded first  
11 mortgage upon the fee simple or leasehold interest of the  
12 borrower in the single-family or multifamily dwelling owned and  
13 occupied by the borrower and the borrower's permitted assigns.  
14 Private lenders shall include all banks, savings and loan  
15 associations, mortgage companies, and other qualified companies  
16 and trust funds whose business includes the making of loans in  
17 the State.

18 (c) Loans guaranteed under this section shall be in  
19 accordance with rules adopted by the corporation pursuant to  
20 chapter 91.

21 (d) To be eligible for loans under this section, a  
22 qualified borrower shall be:





- 1       (1) A citizen of the United States or a resident alien;  
2       (2) Qualified under the rules adopted by the corporation  
3       pursuant to chapter 91; and  
4       (3) In compliance with the rules as may be adopted  
5       pursuant to chapter 91 by the corporation.

6       The corporation may secure the services of a private lender to  
7       process all applications and determine who is a qualified  
8       borrower under this chapter.

9       (e) When the application for an insured loan has been  
10      approved by the corporation, the corporation shall issue to the  
11      lender a guarantee for that percentage of the loan on which it  
12      guarantees payment of principal and interest. The private  
13      lender shall collect all payments from the borrower and  
14      otherwise service the loan.

15      (f) In return for the corporation's guarantee, the private  
16      lender shall remit out of monthly payments collected, an  
17      insurance fee as established by the corporation. The funds  
18      remitted shall be deposited to the credit of the state general  
19      fund.

20      (g) When any installment of principal and interest has  
21      been due for sixty days and has not been paid by the borrower,  
22      the private lender may file a claim for the guaranteed portion



1 of the overdue payments with the corporation which may then  
2 authorize vouchers for these payments, thereby acquiring a  
3 division of interest in the collateral pledged by the borrower  
4 in proportion to the amount of the payment. The corporation  
5 shall be reimbursed for any amounts so paid plus the applicable  
6 interest rate when payment is collected from the borrower.

7 (h) If there is any default in any payment by the  
8 borrower, the lender shall notify the corporation within fifteen  
9 days. Should the lender deem that foreclosure proceedings are  
10 necessary to collect moneys due from the borrower, it shall  
11 notify the corporation. Within thirty days of either  
12 notification, the corporation may elect to request an assignment  
13 of the loan on payment in full to the lender of the principal  
14 balance and interest due. Foreclosure proceedings shall be held  
15 in abeyance in the interim.

16 (i) Every qualified borrower who is granted a loan under  
17 this section shall comply with the following conditions:

- 18 (1) Extend no portion of the qualified borrower's loan for  
19 purposes other than those sanctioned by the  
20 corporation;
- 21 (2) Not sell or otherwise dispose of the mortgaged  
22 property except upon the prior written consent of the



1           corporation and except upon any conditions that may be  
2           prescribed in writing by the private lender;

3           (3) Undertake to pay when due all taxes, liens, judgments,  
4           or assessments which may be lawfully assessed against  
5           the property mortgaged, together with cost and expense  
6           of any foreclosure of the mortgage;

7           (4) Keep insured to the satisfaction of the private lender  
8           all improvements and other insurable property covered  
9           by the mortgage. Insurance shall be made payable to  
10          the mortgagee as its interest may appear at the time  
11          of the loss. At the option of the private lender,  
12          subject to the rules and standards of the corporation,  
13          sums received may be used to pay for reconstruction of  
14          the improvements destroyed, or for decreasing the  
15          amount of the indebtedness;

16          (5) Keep the improvements in good repair; and

17          (6) The private lender may impose any other condition in  
18          its mortgage; provided the form of the mortgage has  
19          received the prior approval of the corporation.

20 All of the above conditions shall be held and construed to be  
21 provisions of any mortgage executed by virtue of this section



1 regardless of whether or not they are expressly incorporated in  
2 the mortgage document.

3 (j) Loans guaranteed and made under this subpart shall be  
4 repaid in accordance with a payment schedule specified by the  
5 private lender with payments applied first to interest and then  
6 to principal. Additional payments in any sums and the payment  
7 of the entire principal, may be made at any time within the  
8 period of the loan. The private lender for satisfactory cause  
9 and at its discretion, may extend the time within which the  
10 installments of principal may be made for a period not to exceed  
11 two years.

12 (k) All interest and fees collected under this subpart by  
13 the corporation shall be deposited into the general fund. All  
14 moneys necessary to guarantee payment of loans made under this  
15 subpart and to carry on the operations of the corporation in  
16 administering and granting loans under this subpart shall be  
17 appropriated by the legislature out of the proceeds of the  
18 general fund. The corporation shall include in its legislative  
19 budgetary request for the upcoming fiscal period, the amounts  
20 necessary to effectuate the purposes of this section.

21 § -132 Mortgage guaranty agreements. (a) To induce  
22 appropriate officials of any agency or instrumentality of the



1 United States to commit to insure mortgages under the National  
2 Housing Act, as amended, the corporation may enter into guaranty  
3 agreements with the officials whenever:

4 (1) The purchaser-mortgagor in question is ineligible for  
5 mortgage insurance purposes under the National Housing  
6 Act because of credit standing, debt obligation, or  
7 income characteristics;

8 (2) The purchaser-mortgagor in question is a "displaced  
9 person" as defined in chapter 111 and the guaranty  
10 agreement will enable the purchaser-mortgagor to  
11 obtain suitable replacement housing in accordance with  
12 that chapter; and

13 (3) The corporation finds that the purchaser-mortgagor  
14 would be a satisfactory credit risk with ability to  
15 repay the mortgage loan if the purchaser-mortgagor  
16 were to receive budget, debt, management and related  
17 counseling.

18 (b) Such guaranty agreements may obligate the corporation  
19 to:

20 (1) Provide or cause to be provided such counseling; and

21 (2) Indemnify an agency or instrumentality of the United  
22 States for a period not to exceed five years for any



1           loss sustained by the agency or instrumentality by  
2           reason of insurance of a mortgage.

3           (c) The total of guaranties made pursuant to this section  
4 and guaranties made pursuant to section       -131 shall not exceed  
5 \$10,000,000.

6           §   -133   Additional powers.   The powers conferred upon the  
7 corporation by this subpart shall be in addition and  
8 supplemental to the powers conferred by any other law, and  
9 nothing herein shall be construed as limiting any powers,  
10 rights, privileges, or immunities so conferred.

11                           F.   Downpayment Loan Program

12           §   -141   Downpayment loans.   (a) The corporation may make  
13 direct downpayment loans to eligible borrowers. The downpayment  
14 loan to any borrower shall not exceed thirty per cent of the  
15 purchase price of the residential property or \$15,000, whichever  
16 is less. The interest rate on the loans may range from zero per  
17 cent to eight per cent, depending on the buyer's incomes.

18           (b) The repayment of every downpayment loan shall be  
19 secured by a duly recorded second mortgage executed by the  
20 borrower to the State on the residential property purchased with  
21 the downpayment loan.



1       (c) The principal of the downpayment loan, together with  
2 accrued interest, shall be due and payable upon the sale,  
3 transfer, or refinancing of the home, or shall be repaid by the  
4 borrower in installments as determined by the corporation;  
5 provided that the corporation may provide a period in which the  
6 payment could be waived. The period over which the principal  
7 and interest shall be paid need not coincide with the period  
8 over which the loan from the mortgage lender for the balance of  
9 the purchase price must be repaid. The borrower may repay the  
10 whole or any part of the unpaid balance of the downpayment loan,  
11 plus accrued interest at any time without penalty.

12       (d) The corporation may secure the services of the  
13 mortgage lender who loans to the borrower the balance of the  
14 purchase price of the residential property or the services of  
15 any other mortgage lender doing business in the State to  
16 collect, on behalf of the State, the principal and interest of  
17 the downpayment loan and otherwise service the downpayment loan,  
18 for a servicing fee not in excess of the prevailing loan  
19 servicing fees.

20       (e) The corporation shall adopt rules pursuant to chapter  
21 91 to carry out the purposes of this subpart.



1        § -142 Qualifications for downpayment loans. (a) No  
2 person shall be qualified for a downpayment loan unless the  
3 person:

4        (1) Is a citizen of the United States or a resident alien;

5        (2) Is at least eighteen years of age;

6        (3) Is a bona fide resident of the State;

7        (4) Will physically reside in the residential property to  
8 be purchased for the term of the loan;

9        (5) Is accepted by a mortgage lender as a person to whom  
10 it is willing to lend money for the purchase of the  
11 residential property; provided the required  
12 downpayment is made; and

13        (6) Provides a portion of the downpayment which shall be  
14 equal to at least three per cent of the sales price.

15        (b) No person who owns in fee simple or in leasehold any  
16 other residential property within the State shall be eligible to  
17 become a borrower under this section. A person shall be deemed  
18 to own a residential property if the person, the person's  
19 spouse, or both (unless separated and living apart under a  
20 decree of a court of competent jurisdiction) own a majority  
21 interest in a residential property.





1        § -143 Restrictions on borrower. Every loan made under  
2 this subpart shall be subject to the following conditions:

3        (1) The borrower shall expend no portion of the borrower's  
4 downpayment loan for purposes other than to make a  
5 downpayment for the purchase of a residential  
6 property;

7        (2) The residential property purchased with the  
8 downpayment loan and mortgaged to the State to secure  
9 the repayment of the loan shall not be sold or  
10 assigned without the prior approval in writing of the  
11 corporation and the first mortgage lender;

12       (3) The borrower shall pay, when due, all taxes, liens,  
13 judgments, or assessments which may be lawfully levied  
14 against the residential property and all costs and  
15 expenses of any foreclosure of the mortgage made to  
16 the State;

17       (4) The borrower shall maintain fire and casualty  
18 insurance in amounts equal to the replacement value of  
19 all improvements and insurable portions of the  
20 residential property with an insurance company  
21 authorized to do business in the State. All proceeds  
22 of that insurance shall be made payable to the first



1 mortgage lender and the corporation as their  
2 respective interests may appear at the time of any  
3 loss or damage. Subject to the rules of the  
4 corporation, in the event of any loss or damage to the  
5 improvements or property covered by the insurance, the  
6 proceeds receivable by the State shall be applied  
7 toward the reconstruction of the improvements or  
8 property destroyed or damaged, unless otherwise  
9 determined by the corporation on behalf of the State;  
10 and

11 (5) The borrower shall maintain the improvements in good  
12 repair.

13 All of the above conditions shall be a part of any  
14 downpayment mortgage executed under this part, regardless of  
15 whether or not they are expressly incorporated in the mortgage  
16 document.

17 **§ -144 Default.** If the borrower defaults in the payment  
18 of any installment of principal or interest of the downpayment  
19 loan, the corporation or mortgage lender shall take all  
20 necessary action to collect the delinquent amounts and may take  
21 all actions generally allowed holders of mortgages, including  
22 the power to foreclose. Upon any foreclosure of the second



1 mortgage, the corporation or mortgage lender on behalf of the  
2 corporation, may purchase the interest of the borrower in and to  
3 the residential property, take possession thereof and assume all  
4 of the obligations of the borrower under the first mortgage held  
5 by the private lender and any other liens having priority over  
6 the second mortgage that may then exist. On the acquisition of  
7 the borrower's interest, the corporation, at its option, may pay  
8 in full the unpaid balance of the borrower's obligation secured  
9 by the first mortgage and other prior liens, and repair,  
10 renovate, modernize, or improve the residential property, and,  
11 with or without clearing the property of all prior mortgages and  
12 liens, sell, lease, or rent the property or use or dispose of  
13 the property in any manner that the corporation is authorized by  
14 law.

15 § -145 **Additional powers.** The powers conferred upon the  
16 corporation by this subpart shall be in addition and  
17 supplemental to the powers conferred by any other law, and  
18 nothing herein shall be construed as limiting any powers,  
19 rights, privileges, or immunities so conferred.

20 **G. Homebuyers' Club**

21 § -151 **Homebuyers' club program.** (a) The corporation  
22 may establish a homebuyers' club program for participants who



1 are desirous of purchasing a home and who have adequate incomes  
2 but lack sufficient funds for the downpayment and closing costs.  
3 The primary focus of this program is to facilitate the purchase  
4 of homes by providing participants with strategies to save  
5 money, to resolve credit problems, and to educate participants  
6 on how to shop for and purchase a home.

7 (b) In establishing this program, the corporation shall  
8 adopt rules pursuant to chapter 91 relating to establishing a  
9 savings program for participants based upon individual analyses  
10 of income and family expenses. The rules may also provide for  
11 integration of the homebuyers' club program with other  
12 governmental programs including, but not limited to, individual  
13 housing accounts under section 235-5.5, the state mortgage  
14 guarantee program, the downpayment loan program, and the rent-  
15 to-own program.

16 (c) The corporation may secure the services of another  
17 public or private entity to carry out the purposes of this  
18 section.

19 § -152 Additional powers. The powers conferred upon the  
20 corporation by this subpart shall be in addition and  
21 supplemental to the powers conferred by any other law, and



1 nothing herein shall be construed as limiting any powers,  
2 rights, privileges, or immunities so conferred.

3 H. Rent-to-Own Program

4 § -161 Rent-to-own program. (a) The corporation may  
5 establish a rent-to-own program under which housing units that  
6 are for sale may be rented to program participants. Under this  
7 program, the corporation shall credit a portion of the rent  
8 received toward the purchase of the unit.

9 (b) The sales price shall be established at the beginning  
10 of the rental term and shall remain fixed for the first five  
11 years after the rental agreement is executed. During this  
12 period, the participant shall have the option of purchasing the  
13 unit at the designated sales price. If the participant does not  
14 elect to purchase the unit within the five-year period, the  
15 renter shall forfeit the right to continue living in the unit  
16 and the unit shall be made available to another purchaser or  
17 renter.

18 (c) The corporation shall have the right to re-establish  
19 the sales price upon expiration of the option period or upon  
20 resale of the unit.

21 § -162 Additional powers. The powers conferred upon the  
22 corporation by this subpart shall be in addition and



1 supplemental to the powers conferred by any other law, and  
2 nothing herein shall be construed as limiting any powers,  
3 rights, privileges, or immunities so conferred.

4 **I. Dwelling Unit Revolving Fund**

5 **§ -171 Dwelling unit revolving fund.** There is created a  
6 dwelling unit revolving fund. The funds appropriated for the  
7 purpose of the dwelling unit revolving fund and all moneys  
8 received or collected by the corporation for the purpose of the  
9 revolving fund shall be deposited in the revolving fund. The  
10 proceeds in the revolving fund shall be used to reimburse the  
11 general fund to pay the interest on general obligation bonds  
12 issued for the purposes of the revolving fund, for the necessary  
13 expenses in administering part III, and for carrying out the  
14 purposes of part III, including but not limited to the expansion  
15 of community facilities constructed in conjunction with housing  
16 projects, permanent primary or secondary financing, and  
17 supplementing building costs, federal guarantees required for  
18 operational losses, and all things required by any federal  
19 agency in the construction and receipt of federal funds or low-  
20 income housing tax credits for housing projects.

21 **§ -172 Additional powers.** The powers conferred upon the  
22 corporation by this subpart shall be in addition and



1 supplemental to the powers conferred by any other law, and  
2 nothing herein shall be construed as limiting any powers,  
3 rights, privileges, or immunities so conferred.

4 **J. Rental Housing Trust Fund**

5 **§ -181 Additional definitions.** As used in this subpart,  
6 unless a different meaning is clearly required by the context:

7 "Develop" or "development" means the planning, financing,  
8 or acquisition of real and personal property; demolition of  
9 existing structures; clearance of real property; construction,  
10 reconstruction, alteration, or repairing of approaches, streets,  
11 sidewalks, utilities, and services, or other site improvements;  
12 construction, reconstruction, repair, remodeling, extension,  
13 equipment, or furnishing of buildings or other structures; or  
14 any combination of the foregoing, of any housing project. It  
15 also includes any undertakings necessary therefor, and the  
16 acquisition of any housing, in whole or in part.

17 "Fund" means the rental housing trust fund established in  
18 this subpart.

19 **§ -182 Rental housing trust fund.** (a) There is hereby  
20 established a rental housing trust fund to be placed within the  
21 corporation.



1       (b) An amount from the fund, to be set by the corporation  
2 and authorized by the legislature, may be used for  
3 administrative expenses incurred by the corporation in  
4 administering the fund; provided that fund moneys may not be  
5 used to finance day-to-day administrative expenses of projects  
6 allotted fund moneys.

7       (c) The following may be deposited into the fund:  
8 appropriations made by the legislature, private contributions,  
9 repayment of loans, interest, other returns, and moneys from  
10 other sources.

11       (d) The fund shall be used to provide loans or grants for  
12 the development, pre-development, construction, acquisition,  
13 preservation, and substantial rehabilitation of rental housing  
14 units. Permitted uses of the fund may include, but are not  
15 limited to, planning, design, land acquisition, costs of  
16 options, agreements of sale, downpayments, equity financing,  
17 capacity building of nonprofit housing developers, or other  
18 housing development services or activities as provided in rules  
19 adopted by the corporation pursuant to chapter 91. The rules  
20 may provide for a means of recapturing loans or grants made from  
21 the fund if a rental housing project financed under the fund is  
22 refinanced or sold at a later date. The rules may also provide





1 that moneys from the fund shall be leveraged with other  
2 financial resources to the extent possible.

3 (e) Moneys available in the fund shall be used for the  
4 purpose of providing, in whole or in part, loans or grants for  
5 rental housing projects in the following order of priority:

6 (1) Projects or units in projects that are allocated low-  
7 income housing credits pursuant to the state housing  
8 credit ceiling under section 42(h) of the Internal  
9 Revenue Code of 1986, as amended, or projects or units  
10 in projects that are funded by programs of the United  
11 States Department of Housing and Urban Development and  
12 United States Department of Agriculture Rural  
13 Development wherein:

14 (A) At least fifty per cent of the available units  
15 are for persons and families with incomes at or  
16 below eighty per cent of the median family income  
17 of which at least five per cent of the available  
18 units are for persons and families with incomes  
19 at or below thirty per cent of the median family  
20 income; and

21 (B) The remaining units are for persons and families  
22 with incomes at or below one hundred per cent of



1           the median family income; provided that the  
2           corporation may establish rules pursuant to  
3           chapter 91, to ensure full occupancy of fund  
4           projects; and

5       (2) Mixed-income rental projects or units in a mixed-  
6       income rental project wherein all of the available  
7       units are for persons and families with incomes at or  
8       below one hundred forty per cent of the median family  
9       income.

10       (f) The corporation shall submit an annual report to the  
11 legislature no later than twenty days prior to the convening of  
12 each regular session describing the projects funded and, with  
13 respect to rental housing projects targeted for persons and  
14 families with incomes at or below thirty per cent of the median  
15 family income, its efforts to develop those rental housing  
16 projects, a description of proposals submitted for this target  
17 group and action taken on the proposals, and any barriers to  
18 developing housing units for this target group.

19       (g) For the purposes of this subpart, the applicable  
20 median family income shall be the median family income for the  
21 county or standard metropolitan statistical area in which the



1 project is located as determined by the United States Department  
2 of Housing and Urban Development, as adjusted from time to time.

3 (h) The corporation may provide loans and grants under  
4 this section; provided that the corporation shall establish  
5 loan-to-value ratios to protect the fund from inordinate risk  
6 and that under no circumstances shall the rules permit the loan-  
7 to-value ratio to exceed one hundred per cent; and provided  
8 further that the underwriting guidelines include a debt-coverage  
9 ratio of not less than 1.0 to 1.

10 (i) For the period commencing July 1, 2006, through June  
11 30, 2007, the fund may be used to provide grants for rental  
12 units set aside for persons and families with incomes at or  
13 below thirty per cent of the median family income in any project  
14 financed in whole or in part by the fund in proportion of those  
15 units to the total number of units in the project. At the  
16 conclusion of the period described in this subsection, the  
17 corporation shall report to the legislature on the number and  
18 use of grants provided and whether the grants were an effective  
19 use of the funds for purposes of developing rental housing for  
20 families at or below thirty per cent of median family income.

21 § -183 Eligible applicants for funds. Eligible  
22 applicants for funds shall include nonprofit and for-profit



1 corporations, limited liability companies, partnerships, and  
2 government agencies, who are qualified in accordance with rules  
3 adopted by the corporation pursuant to chapter 91.

4 **§ -184 Eligible projects.** (a) Activities eligible for  
5 assistance from the fund shall include, but not be limited to:

6 (1) New construction, rehabilitation, or preservation of  
7 low-income rental housing units that meet the criteria  
8 for eligibility described in subsection (c);

9 (2) The leveraging of moneys with the use of fund assets;

10 (3) Pre-development activity grants or loans to nonprofit  
11 organizations; and

12 (4) Acquisition of housing units for the purpose of  
13 preservation as low-income or very low-income housing.

14 (b) Preference shall be given to projects producing units  
15 in at least one of the following categories:

16 (1) Multifamily units;

17 (2) Attached single-family units;

18 (3) Apartments;

19 (4) Townhouses;

20 (5) Housing units above commercial or industrial space;

21 (6) Single room occupancy units;

22 (7) Accessory apartment units;



1       (8) Employee housing;

2       (9) United States Department of Housing and Urban  
3       Development mixed finance development of public  
4       housing units; and

5       (10) Other types of units meeting the criteria for  
6       eligibility set forth in subsection (c).

7       (c) The corporation shall establish an application process  
8       for fund allocation that gives preference to projects meeting  
9       the criteria set forth below that are listed in descending order  
10      of priority:

11      (1) Serve the original target group;

12      (2) Provide at least five per cent of the total number of  
13      units for persons and families with incomes at or  
14      below thirty per cent of the median family income;

15      (3) Provide maximum number of units for persons or  
16      families with incomes at or below eighty per cent of  
17      the median family income;

18      (4) Are committed to serving the target population over a  
19      longer period of time;

20      (5) Increase the integration of income levels of the  
21      immediate community area;



1       (6) Meet the geographic needs of the target population of  
2           the proposed rental housing project, such as proximity  
3           to employment centers and services; and

4       (7) Have favorable past performance in developing, owning,  
5           managing, or maintaining affordable rental housing.

6       The corporation may include other criteria in the above  
7       process as it deems necessary to carry out the purposes of this  
8       part.

9       If the corporation, after applying the process described in  
10       this subsection, finds a nonprofit project equally ranked with a  
11       for-profit or government project, the corporation shall give  
12       preference to the nonprofit project in allotting fund moneys.

13       § -185 Additional powers. The powers conferred upon the  
14       corporation by this subpart shall be in addition and  
15       supplemental to the powers conferred by any other law, and  
16       nothing in this subpart shall be construed as limiting any  
17       powers, rights, privileges, or immunities conferred upon the  
18       corporation.

19       **PART IV. EXPENDITURES OF REVOLVING FUNDS UNDER THE**  
20       **CORPORATION EXEMPT FROM APPROPRIATION AND ALLOTMENT**

21       § -191 Expenditures of revolving funds under the  
22       corporation exempt from appropriation and allotment. Except as



1 to administrative expenditures, and except as otherwise provided  
2 by law, expenditures from these revolving funds administered by  
3 the corporation under subparts I and J, part III, or sections  
4 -70, -113, 201G-142, or 516-44 may be made by the  
5 corporation without appropriation or allotment of the  
6 legislature; provided that no expenditure shall be made from and  
7 no obligation shall be incurred against any revolving fund in  
8 excess of the amount standing to the credit of the fund or for  
9 any purpose for which the fund may not lawfully be expended.  
10 Nothing in sections 37-31 to 37-41 shall require the proceeds of  
11 the revolving funds identified in subparts I and J, part III, or  
12 sections -70, -113, 201G-142, or 516-44 to be  
13 reappropriated annually.

14 § -192 Additional powers. The powers conferred upon the  
15 corporation by this subpart shall be in addition and  
16 supplemental to the powers conferred by any other law, and  
17 nothing herein shall be construed as limiting any powers,  
18 rights, privileges, or immunities so conferred."

19 PART II

20 SECTION 3. The Hawaii Revised Statutes is amended by  
21 adding a new chapter to be appropriately designated and to read  
22 as follows:



1                                    "Chapter

2                                    HAWAII PUBLIC HOUSING AUTHORITY

3                                    PART I. GENERAL POWERS

4                    § -1 Definitions. The following terms, wherever used or  
5 referred to in this chapter shall have the following respective  
6 meanings, unless a different meaning clearly appears from the  
7 context:

8                    "Authority" means the Hawaii public housing authority.

9                    "Board" means the board of directors of the Hawaii public  
10 housing authority.

11                   "Bonds" means any bonds, interim certificates, notes,  
12 debentures, participation certificates, pass-through  
13 certificates, mortgage-backed obligations, or other evidences of  
14 indebtedness of the corporation issued pursuant to this chapter.

15                   "Community facilities" includes real and personal property,  
16 and buildings, equipment, lands, and grounds for recreational or  
17 social assemblies, for educational, health, or welfare purposes  
18 and necessary or convenient utilities, when designed primarily  
19 for the benefit and use of the authority or the occupants of the  
20 dwelling accommodations.

21                   "Contract" means any agreement of the corporation with an  
22 obligee or a trustee for the obligee, whether contained in a





1 resolution, trust indenture, mortgage, lease, bond, or other  
2 instrument.

3 "Dwelling", "dwelling unit", or "unit" means any structure  
4 or room, for sale, lease, or rent, that provides shelter.

5 "Elder" or "elderly" means a person who is a resident of  
6 the State and has attained the age of sixty-two years.

7 "Elder or elderly households" means households in which at  
8 least one member is sixty-two years of age, the spouse or  
9 partner has attained the age of majority, and the remaining  
10 members have attained the age of fifty-five years at the time of  
11 application to the project. A live-in aide shall cease to be a  
12 resident therein upon the recovery of, or removal from the  
13 project of, the elder.

14 "Elder or elderly housing" means:

15 (1) A housing project intended for and occupied by elder  
16 or elderly households; or

17 (2) Housing provided under any state or federal program  
18 that the Secretary of the United States Department of  
19 Housing and Urban Development determines is  
20 specifically designed and operated to assist elder or  
21 elderly persons, or if the Secretary makes a  
22 determination, the project may also be occupied by



1 persons with disabilities who have reached the age of  
2 majority.

3 "Executive director" means the executive director of the  
4 Hawaii public housing authority.

5 "Federal government" includes the United States and any  
6 agency or instrumentality, corporate or otherwise, of the United  
7 States.

8 "Government" includes the State and the United States and  
9 any political subdivision, agency, or instrumentality, corporate  
10 or otherwise, of either of them.

11 "Household member" means a person who:

12 (1) Is a co-applicant; or

13 (2) Will reside in the dwelling unit leased or rented from  
14 the authority.

15 "Land" or "property" includes vacant land or land with site  
16 improvements whether partially or entirely finished in  
17 accordance with governmental subdivision standards, or with  
18 complete dwellings.

19 "Live-in aide" means a person who:

20 (1) Is eighteen years of age or older;

21 (2) Is living in the unit solely to assist the elder or  
22 elderly person in daily living activities including



1 bathing, meal preparation and delivery, medicinal  
2 care, transportation, and physical activities;

3 (3) Is not legally obligated to support the elder or  
4 elderly person; and

5 (4) Is verified by the authority as meeting these  
6 requirements.

7 "Mortgage holder" includes the United States Department of  
8 Housing and Urban Development, Federal Housing Administration,  
9 the United States Department of Agriculture, or other federal or  
10 state agency engaged in housing activity, Administrator of  
11 Veterans Affairs, Federal National Mortgage Association,  
12 Government National Mortgage Association, Federal Home Loan  
13 Mortgage Corporation, private mortgage lender, private mortgage  
14 insurer, and their successors, grantees, and assigns.

15 "Mortgage lender" means any bank, trust company, savings  
16 bank, national banking association, savings and loan  
17 association, building and loan association, mortgage banker,  
18 credit union, insurance company, or any other financial  
19 institution, or a holding company for any of the foregoing,  
20 which:

21 (1) Is authorized to do business in the State;



1       (2) Customarily provides service or otherwise aids in the  
2       financing of mortgages on single-family or multifamily  
3       residential property; and

4       (3) Is a financial institution whose accounts are  
5       federally insured or is an institution that is an  
6       approved mortgagee for the Federal Housing  
7       Administration, an approved lender for the Department  
8       of Veterans Affairs or the United States Department of  
9       Agriculture, or an approved mortgage loan servicer for  
10       the Federal National Mortgage Association or the  
11       Federal Home Loan Mortgage Corporation.

12       "Nonprofit organization" means a corporation, association,  
13       or other duly chartered entity that is registered with the State  
14       and has received a written determination from the Internal  
15       Revenue Service that it is exempt under either section  
16       501(c)(3), section 501(c)(4), or so much of section 501(c)(2) as  
17       applies to title holding corporations that turn over their  
18       income to organizations that are exempt under either section  
19       501(c)(3) or 501(c)(4), of the Internal Revenue Code of 1986, as  
20       amended.

21       "Obligee of the authority" or "obligee" includes any  
22       bondholder, trustee or trustees for any bondholders, any lessor



1 demising property to the authority used in connection with a  
2 housing project, or any assignee or assignees of the lessor's  
3 interest or any part thereof, and the United States, when it is  
4 a party to any contract with the authority.

5 "Public housing project" or "complex" means a housing  
6 project directly controlled, owned, developed, or managed by the  
7 authority pursuant to the federal low rent public housing  
8 program.

9 "Real property" includes lands, land under water,  
10 structures, and any and all easements, franchises, and  
11 incorporeal hereditaments and every estate and right therein,  
12 legal and equitable, including terms for years and liens by way  
13 of judgment, mortgage, or otherwise.

14 "Trustee" means a national or state bank or trust company  
15 located within or outside the State which enters into a trust  
16 indenture.

17 "Trust indenture" means an agreement by and between the  
18 authority and the trustee, which sets forth the duties of the  
19 trustee with respect to the bonds, the security therefor, and  
20 other provisions as deemed necessary or convenient by the  
21 authority to secure the bonds.



1        § -2 Hawaii public housing authority; establishment,

2 staff. (a) There is established the Hawaii public housing  
3 authority to be placed within the department of human services  
4 for administrative purposes only. The authority shall be a  
5 public body and a body corporate and politic.

6        (b) The authority shall employ, exempt from chapter 76 and  
7 section 26-35(a)(4), an executive director and an executive  
8 assistant. The salary of the executive director and executive  
9 assistant shall be set by the board of directors of the  
10 authority with the approval of the governor. The authority may  
11 employ, subject to chapter 76, technical experts and officers,  
12 agents, and employees, permanent and temporary, as required.  
13 The authority may also employ officers, agents, and employees;  
14 prescribe their duties and qualifications; and fix their  
15 salaries, not subject to chapter 76, when in the determination  
16 of the authority, the services to be performed are unique and  
17 essential to the execution of the functions of the authority.  
18 The authority may call upon the attorney general for legal  
19 services as it may require. The authority may delegate to one  
20 or more of its agents or employees the powers and duties as it  
21 deems proper.



1        § -3 Board; establishment, functions, duties. (a)

2        There is created a board consisting of nine members, of whom  
3        eight shall be public members appointed by the governor as  
4        provided in section 26-34. Public members shall be appointed  
5        from each of the counties of Honolulu, Hawaii, Maui, and Kauai.  
6        At least one public member shall be a person who is directly  
7        assisted by the authority under the federal low-rent public  
8        housing or federal section 8 tenant-based housing assistance  
9        payments program while serving on the board. The public members  
10       of the board shall serve four-year staggered terms; provided  
11       that the initial appointments shall be as follows: three  
12       members to be appointed for four years; two members to be  
13       appointed for three years; and two members to be appointed for  
14       two years. The director of human services, or a designated  
15       representative, and a representative of the governor's office,  
16       shall be ex officio voting members. The authority shall be  
17       headed by the board.

18       (b) The board of directors shall select a chairperson and  
19       vice-chairperson from among its members. The director of human  
20       services and the governor's representative shall be ineligible  
21       to serve as chairperson of the board.

22       § -4 General powers. (a) The authority may:



- 1        (1) Sue and be sued;  
2        (2) Have a seal and alter the same at pleasure;  
3        (3) Make and execute contracts and other instruments  
4            necessary or convenient to exercise its powers; and  
5        (4) Adopt bylaws and rules in accordance with chapter 91  
6            for its organization, internal management, and to  
7            carry into effect its purposes, powers, and programs.

8        (b) In addition to other powers conferred upon it, the  
9        authority may do all things necessary and convenient to carry  
10       out the powers expressly provided in this chapter.

11       **§ -5 Resident advisory boards; establishment.** (a) The  
12       authority may establish a resident advisory board or boards,  
13       which shall be comprised of federal public housing residents or  
14       section 8 tenant-based housing assistance recipients, to assist  
15       and make recommendations to the authority regarding the  
16       development of the public housing agency plan and any  
17       significant amendments or modifications to it. The members of  
18       the resident advisory board or boards shall adequately reflect  
19       and represent residents of federal public housing projects and  
20       recipients of section 8 tenant-based assistance administered by  
21       the authority.





1        (b) The members of the resident advisory board shall not  
2 be compensated for their services but shall be reimbursed for  
3 necessary expenses, including travel expenses, incurred while  
4 engaged in business for the resident advisory board.

5        (c) The authority may adopt rules in accordance with  
6 chapter 91 with respect to the establishment of the resident  
7 advisory board or boards including, but not limited to, rules  
8 concerning the composition, eligibility, selection, and term of  
9 members. This section shall not apply if it conflicts with any  
10 federal law.

11        **§ -6 Nomination of resident board member.** (a) In the  
12 event of a vacancy for the resident member on the authority  
13 board, the resident advisory board shall compile a list of five  
14 individuals for the governor's consideration for appointment to  
15 the board; provided the nominees to the board shall be:

16        (1) Participants who are directly assisted by the  
17 authority under the federal public housing or section  
18 8 tenant-based programs and who need not be members of  
19 the resident advisory board;

20        (2) At least eighteen years of age; and

21        (3) Authorized members of the assisted household.



1        (b) Any individual satisfying the requirements of  
2 subsection (a)(1), (2), and (3) may also submit that  
3 individual's name for the governor's consideration for  
4 appointment to the board.

5        § -7 Fair housing law to apply. Notwithstanding any law  
6 to the contrary, chapter 515 shall apply to this chapter.

7        § -8 Acquisition, use, disposition of property. (a)  
8 The authority may acquire any real or personal property or  
9 interest therein by purchase, exchange, gift, grant, lease, or  
10 other means from any person or government to provide public  
11 housing. Exchange of real property shall be in accordance with  
12 section 171-50.

13        (b) The authority may own or hold real property. All real  
14 property owned or held by the authority shall be exempt from  
15 mechanics' or materialmen's liens and also from levy and sale by  
16 virtue of an execution, and no execution or other judicial  
17 process shall issue against the same nor shall any judgment  
18 against the authority be a charge or lien upon its real  
19 property; provided that this subsection shall not apply to or  
20 limit the right of obligees to foreclose or otherwise enforce  
21 any mortgage of the authority or the right of obligees to pursue  
22 any remedies for the enforcement of any pledge or lien given by



1 the authority on its rents, fees, or revenues. The authority  
2 and its property shall be exempt from all taxes and assessments.

3 (c) The authority may lease or rent all or a portion of  
4 any public housing project and establish and revise the rents or  
5 charges therefor. The authority may sell, exchange, transfer,  
6 assign, or pledge any property, real or personal, or any  
7 interest therein to any person or government.

8 (d) The authority may insure or provide for the insurance  
9 of its property or operations against risks as it deems  
10 advisable.

11 **§ -9 Cooperative agreements with other governmental**  
12 **agencies.** (a) The authority may:

13 (1) Obtain the aid and cooperation of governments in the  
14 planning, construction, and operation of public  
15 housing projects and enter into agreements and  
16 arrangements as it deems advisable to obtain aid and  
17 cooperation;

18 (2) Arrange or enter into agreements with any government  
19 for the acquisition by the government of property,  
20 options, or property rights or for the furnishing,  
21 installing, opening, or closing of streets, roads,  
22 alleys, sidewalks, or other places, or for the



1 furnishing of property, services, parks, sewage,  
2 water, and other facilities in connection with public  
3 housing projects, or for the changing of the map of a  
4 political subdivision or the planning, replanning,  
5 zoning, or rezoning of any part of a political  
6 subdivision;

7 (3) Procure insurance or guarantees from any government  
8 for the payment of any debts or parts thereof incurred  
9 by the authority, including the power to pay premiums  
10 on any insurance; and

11 (4) Agree to make payments to the state or county  
12 government, if the government is authorized to accept  
13 payments, as the authority deems consistent with the  
14 maintenance of the character of public housing  
15 projects or the purposes of this chapter.

16 (b) For the purpose of aiding and cooperating in the  
17 planning, construction, and operation of public housing projects  
18 located within their respective territorial boundaries, the  
19 state or county government, upon those terms, with or without  
20 consideration, as it determines, may:

21 (1) Dedicate, grant, sell, convey, or lease any of its  
22 property, or grant easements, licenses, or any other



- 1           rights or privileges therein to the authority or to  
2           the federal government;
- 3       (2) To the extent that it is within the scope of the  
4           state's or county's respective functions:
- 5           (A) Cause the services customarily provided by each  
6               to be rendered for the benefit of public housing  
7               projects and the occupants thereof;
- 8           (B) Provide and maintain parks and sewage, water,  
9               lights, and other facilities adjacent to or in  
10              connection with public housing projects;
- 11          (C) Open, close, pave, install, or change the grade  
12              of streets, roads, roadways, alleys, sidewalks,  
13              or other related facilities; and
- 14          (D) Change the map of a political subdivision or  
15              plan, replan, zone, or rezone any part of a  
16              political subdivision;
- 17       (3) Enter into agreements with the authority with respect  
18              to the exercise of their powers relating to the  
19              repair, closing, or demolition of unsafe, unsanitary,  
20              or unfit dwellings;
- 21       (4) Notwithstanding any other law with respect to what  
22              constitutes legal investments, employ any available



1 funds belonging to them or within their control,  
2 including funds derived from the sale or furnishing of  
3 property or facilities to the authority, in the  
4 purchase of the bonds or other obligations of the  
5 authority to the extent provided by section -21;  
6 and exercise all the rights of any holder of the bonds  
7 or other obligations;

8 (5) Do any and all things necessary or convenient to aid  
9 and cooperate in the planning, undertaking, and  
10 construction of public housing projects; and

11 (6) Enter into contracts with the authority or the federal  
12 government for any period, agreeing to exercise any of  
13 the powers conferred hereby or to take any other  
14 action in aid of public housing projects.

15 In connection with the exercise of this power, any  
16 political subdivision may incur the entire expense of any public  
17 improvements located within its territorial boundaries without  
18 assessment against abutting property owners.

19 For the purpose of aiding and cooperating in the planning,  
20 construction, and operation of public housing projects, the  
21 department of land and natural resources, the Hawaiian homes  
22 commission, and any other agency of the State having power to



1 manage or dispose of its public lands, with the approval of the  
2 governor and with or without consideration, may grant, sell,  
3 convey, or lease for any period, any parts of public lands,  
4 without limit as to area, to the authority or to the federal  
5 government.

6 Any law to the contrary notwithstanding, any gift, grant,  
7 sale, conveyance, lease, or agreement provided for in this  
8 section may be made by the state or county government without  
9 appraisal, public notice, advertisement, or public bidding.

10 If at any time title to, or possession of, any public  
11 housing project is held by any government authorized by law to  
12 engage in the development or authority of low-rent housing or  
13 slum clearance projects, any agreement made under this chapter  
14 relating to the project shall inure to the benefit of and may be  
15 enforced by that government.

16 Insofar as this subsection is inconsistent with the  
17 provisions of any other law, this subsection shall be  
18 controlling.

19 (c) The government of any county in which a public housing  
20 project is located or is about to be located may make donations  
21 or advances to the authority in sums as the county in its  
22 discretion may determine. The advances or donations shall be



1 made for the purpose of aiding or cooperating in the  
2 construction and operation of the public housing project. The  
3 authority, when it has money available therefor, shall reimburse  
4 the county for all advances made by way of a loan to it.

5 § -10 **Agents, including corporations.** The authority may  
6 exercise any or all of the powers conferred upon it, either  
7 generally or with respect to any specific public housing project  
8 through an agent that it may designate, including any  
9 corporation that is formed under the laws of this State, and for  
10 purposes the authority may cause one or more corporations to be  
11 formed under the laws of this State or may acquire the capital  
12 stock of any corporation. Any corporate agent, all of the stock  
13 of which shall be owned by the authority or its nominee, may to  
14 the extent permitted by law, exercise any of the powers  
15 conferred upon the authority herein.

16 § -11 **Development of property.** (a) The authority, in  
17 its own behalf or on behalf of any government, may:

18 (1) Clear, improve, and rehabilitate property; and  
19 (2) Plan, develop, construct, and finance public housing  
20 projects.

21 (b) The authority may develop public land in an  
22 agricultural district subject to the prior approval of the land





1 use commission, when developing lands greater than five acres in  
2 size, or public land in a conservation district (subject to the  
3 prior approval of the board of land and natural resources). The  
4 authority shall not develop state monuments or historical sites,  
5 or parks. When the authority proposes to develop public land,  
6 it shall file with the department of land and natural resources  
7 a petition setting forth the purpose of the development. The  
8 petition shall be conclusive proof that the intended use is a  
9 public use superior to that which the land has been  
10 appropriated.

11 (c) The authority may develop or assist in the development  
12 of federal lands with the approval of appropriate federal  
13 authorities.

14 (d) The authority shall not develop any public land where  
15 the development may endanger the receipt of any federal grant,  
16 impair the eligibility of any public body for a federal grant,  
17 prevent the participation of the federal government in any  
18 government program, or impair any covenant between the  
19 government and the holder of any bond issued by the government.

20 (e) The authority may contract or sponsor with any county,  
21 housing authority, or person, subject to the availability of  
22 funds, an experimental or demonstration housing project designed



1 to meet the needs of elders, disabled, displaced or homeless  
2 persons, low and moderate income persons, employees, teachers,  
3 or other government workers, or university and college students  
4 and faculty.

5 **§ -12 Development of property; additional powers.**

6 Notwithstanding any law to the contrary, whenever the bids  
7 submitted for any development or rehabilitation project  
8 authorized pursuant to part II exceed the amount of funds  
9 available for that project, the authority, with the approval of  
10 the governor, may disregard the bids and enter into an agreement  
11 to carry out the project, or undertake the project or  
12 participate in the project under the agreement; provided that  
13 the total cost of the agreement and the authority's  
14 participation, if any, shall not exceed the amount of funds  
15 available for the project; provided further that if the  
16 agreement is with a nonbidder, the scope of the project under  
17 agreement shall remain the same as that for which bids were  
18 originally requested.

19 **§ -13 Administration of federal programs.** (a) The  
20 authority may carry out federal programs designated to be  
21 carried out by a public housing agency, or entity designated by  
22 the authority.



1       (b) The authority shall adopt necessary rules in  
2 accordance with chapter 91, including the establishment and  
3 collection of reasonable fees for administering the program, to  
4 carry out any federal program in subsection (a).

5       (c) All fees collected for administering the program may  
6 be deposited into an appropriate special fund of the authority  
7 and may be used to cover the administrative expenses of the  
8 authority.

9       § -14 Federal funds outside of state treasury.

10 Notwithstanding chapter 38, the authority may establish and  
11 manage federal funds outside of the state treasury to be used  
12 for federal housing programs. The authority shall invest the  
13 funds in permitted investments in accordance with chapter 36.

14       § -15 Eminent domain, exchange or use of public

15 property. The authority may acquire any real property,  
16 including fixtures and improvements, or interest therein,  
17 through voluntary negotiation; through exchange of land in  
18 accordance with section 171-50, provided that the public land to  
19 be exchanged need not be of like use to that of the private  
20 land; or by the exercise of the power of eminent domain which it  
21 deems necessary by the adoption of a resolution declaring that  
22 the acquisition of the property described therein is in the



1 public interest and required for public use. The authority  
2 shall exercise the power of eminent domain granted by this  
3 section in the same manner and procedure as is provided by  
4 chapter 101, and otherwise in accordance with all applicable  
5 provisions of the general laws of the State; provided that  
6 condemnation of parcels greater than fifteen acres shall be  
7 subject to legislative disapproval expressed in a concurrent  
8 resolution adopted by majority vote of the senate and the house  
9 of representatives in the first regular or special session  
10 following the date of condemnation.

11 The authority may acquire by the exercise of the power of  
12 eminent domain property already devoted to a public use;  
13 provided that no property belonging to any government may be  
14 acquired without its consent, and that no property belonging to  
15 a public utility corporation may be acquired without the  
16 approval of the public utilities commission, and subject to  
17 legislative disapproval expressed in a concurrent resolution  
18 adopted by majority vote of the senate and the house of  
19 representatives in the first regular or special session  
20 following the date of condemnation.

21 § -16 **Contracts with federal government.** (a) The  
22 authority may:



- 1       (1) Borrow money or accept grants from the federal  
2       government for, or in aid of any public housing  
3       project that the authority is authorized to undertake;
- 4       (2) Take over any land acquired by the federal government  
5       for the construction or operation of a public housing  
6       project;
- 7       (3) Take over, lease, or manage any public housing project  
8       constructed or owned by the federal government, and to  
9       these ends, enter into contracts, mortgages, leases,  
10      or other agreements as the federal government may  
11      require including agreements that the federal  
12      government shall have the right to supervise and  
13      approve the construction, maintenance, and operation  
14      of the public housing project;
- 15      (4) Procure insurance or guarantees from the federal  
16      government of the payment of any debts or parts  
17      thereof secured by mortgages made or held by the  
18      authority on any property included in any public  
19      housing project;
- 20      (5) Agree to any conditions attached to federal financial  
21      assistance relating to the determination of prevailing  
22      salaries or wages or payment of not less than



1 prevailing salaries or wages or compliance with labor  
2 standards, in the development or administration of  
3 projects, and include in any construction contract  
4 related to a project, stipulations requiring that the  
5 contractor and any subcontractors comply with  
6 requirements as to minimum salaries or wages and  
7 maximum hours of labor;

8 (6) Comply with any conditions required by the federal  
9 government in any contract for financial assistance;  
10 and

11 (7) Execute contracts with the federal government.

12 (b) In any contract for annual contributions with the  
13 federal government, the authority may obligate itself to convey  
14 to the federal government possession of or title to the project  
15 to which the contract relates, if a substantial default, as  
16 defined by contract occurs. Notwithstanding any other law to  
17 the contrary, this obligation shall be specifically enforceable  
18 and shall not constitute a mortgage.

19 The contract may provide further that if a conveyance  
20 occurs, the federal government may complete, operate, manage,  
21 lease, convey, or otherwise deal with the project in accordance  
22 with the terms of the contract; provided that the contract shall



1 require that as soon as practicable after the federal government  
2 is satisfied that all defaults with respect to the project have  
3 been cured and that the project will thereafter be operated in  
4 accordance with the terms of the contract, the federal  
5 government shall reconvey to the authority the project as then  
6 constituted.

7 (c) It is the purpose and intent of this part to authorize  
8 the authority to do any and all things necessary to secure the  
9 financial aid and the cooperation of the federal government in  
10 the undertaking, construction, maintenance, and operation of any  
11 public housing project that the authority is empowered to  
12 undertake.

13 § -17 **Public works contracts.** The authority may make,  
14 execute, and carry out contracts for, or in connection with, any  
15 housing project in the manner provided in chapter 103D and  
16 section 103-53; and, with regard to the contracts, the term  
17 "procurement officers", as used in chapter 103D, shall mean the  
18 authority or officer authorized by the authority to act as its  
19 contracting officer. Unless made and executed in the name of  
20 the State, each contract made and executed as authorized in this  
21 section shall state therein that it is so made and executed.



1        § -18 Remedies of an obligee; mandamus; injunction;  
2 possessory action; receiver; accounting; etc. An obligee of the  
3 authority shall have the right, in addition to all other rights  
4 that may be conferred on the obligee subject only to any  
5 contractual restrictions binding upon the obligee, and subject  
6 to the prior and superior rights of others:

7        (1) By mandamus, suit, action, or proceeding in law or  
8 equity to compel the authority, and the members,  
9 officers, agents, or employees thereof to perform each  
10 and every item, provision, and covenant contained in  
11 any contract of the authority, and to require the  
12 carrying out of any or all covenants and agreements of  
13 the authority and the fulfillment of all duties  
14 imposed upon the authority by this chapter;

15        (2) By suit, action, or proceeding in equity to enjoin any  
16 acts or things which may be unlawful, or the violation  
17 of any of the rights of the obligee of the authority;

18        (3) By suit, action, or proceeding in any court of  
19 competent jurisdiction to cause possession of any  
20 public housing project or any part thereof to be  
21 surrendered to any obligee having the right to





1           possession pursuant to any contract of the  
2           administration;

3       (4) By suit, action, or proceeding in any court of  
4           competent jurisdiction, upon the happening of an event  
5           of default (as defined in a contract of the  
6           authority), to obtain the appointment of a receiver of  
7           any public housing project of the corporation or any  
8           part or parts thereof, and if the receiver is  
9           appointed, the receiver may enter and take possession  
10          of the public housing project or any part or parts  
11          thereof and operate and maintain the project, and  
12          collect and receive all fees, rents, revenues, or  
13          other charges thereafter arising therefrom in the same  
14          manner as the authority itself might do and shall keep  
15          the moneys in a separate account or accounts and apply  
16          the same in accordance with the obligations of the  
17          authority as the court shall direct; and

18       (5) By suit, action, or proceeding in any court of  
19          competent jurisdiction to require the authority and  
20          the members thereof to account as if the authority and  
21          the member were the trustees of an express trust.



1        § -19 Subordination of mortgage to agreement with  
2 government. The authority may agree in any mortgage made by it  
3 that the mortgage shall be subordinate to a contract for the  
4 supervision by a government of the operation and maintenance of  
5 the mortgaged property and the construction of improvements  
6 thereon. In that event, any purchaser or purchasers at a sale  
7 of the property of the authority pursuant to a foreclosure of  
8 the mortgage or any other remedy in connection therewith shall  
9 obtain title subject to the contract.

10       § -20 Duty to make reports. Except as otherwise  
11 provided by law, the authority shall be responsible for the  
12 following reports:

13       (1) The authority shall file at least once a year with the  
14       governor a report of its activities for the preceding  
15       fiscal year;

16       (2) The authority shall report to the state comptroller on  
17       moneys deposited in depositories other than the state  
18       treasury under section 40-81, and rules adopted  
19       thereunder;

20       (3) The authority shall submit an annual report to the  
21       legislature on all program areas no later than twenty  
22       days prior to the convening of each regular session,



1           which shall provide the following information on the  
2           status of its programs and finances:

3           (A) A financial audit and report conducted on an  
4           annual basis by a certified public accounting  
5           firm; and

6           (B) Recommendations with reference to any additional  
7           legislation or other action that may be necessary  
8           in order to carry out the purposes of this part.

9           § -21 Bonds; authorization.   (a) The authority, with  
10          the approval of the governor, may issue from time to time bonds  
11          (including refunding bonds to pay, retire, or provide for the  
12          retirement of bonds previously issued by the authority) in  
13          amounts not exceeding the total amount of bonds authorized to be  
14          issued by the legislature for any of its corporate purposes.

15          (b) All bonds shall be issued pursuant to part III of  
16          chapter 39, except as provided in this part.

17          (c) The bonds shall be issued in the name of the  
18          authority, and not in the name of the State. The final maturity  
19          date of the revenue bonds may be any date not exceeding sixty  
20          years from the date of issuance.



1       (d) The authority may issue bonds as it may determine,  
2 including, without limitation, bonds payable from and secured,  
3 in whole or in part, by:

4       (1) Income and revenues derived from the public housing  
5 project or projects financed from the proceeds of  
6 bonds;

7       (2) Receipts derived from any grant from the federal  
8 government made in aid of a public housing project or  
9 projects financed from the proceeds of bonds;

10       (3) Income and revenues derived from a particular  
11 designated public housing project or projects whether  
12 or not financed, in whole or in part, from the  
13 proceeds of bonds;

14       (4) Income and revenues of the authority generally; or

15       (5) Any combination of the above.

16       (e) Any pledge made by the authority shall create a  
17 perfected security interest in the revenues, moneys, or property  
18 so pledged and thereafter received by the authority from and  
19 after the time that a financing statement with respect to the  
20 revenues, moneys, or property so pledged and thereafter received  
21 shall be filed with the bureau of conveyances. Upon the filing,  
22 the revenues, moneys, or property so pledged and thereafter



1 received by the authority shall immediately be subject to the  
2 lien of the pledge without any physical delivery thereof or  
3 further act, and the lien of any pledge shall be prior to the  
4 lien of all parties having claims by any kind in tort, contract,  
5 or otherwise against the authority, irrespective of whether the  
6 parties have notice thereof. This section shall apply to any  
7 financing statement heretofore or hereafter filed with the  
8 bureau of conveyances with respect to any pledge made to secure  
9 revenue bonds issued under this part.

10 (f) Any public housing project or projects authorized by,  
11 and undertaken pursuant to, this chapter shall constitute an  
12 "undertaking" within the meaning of that term as defined and  
13 used in part III, chapter 39; and the authority shall constitute  
14 a "department" and the board shall constitute a "governing body"  
15 within the meaning of those terms as defined and used in part  
16 III, chapter 39.

17 (g) Neither the members of the authority nor any person  
18 executing the bonds shall be liable personally on the bonds by  
19 reason of the issuance thereof.

20 § -22 Bonds; interest rate, price, and sale. (a) The  
21 bonds shall bear interest at rates payable at times that the  
22 authority, with the approval of the governor, may determine



1 except for deeply discounted bonds that are subject to  
2 redemption or retirement at their accreted value; provided that  
3 the discounted value of the bonds shall not exceed ten per cent  
4 of any issue; and provided further that no bonds may be issued  
5 without the approval of the director of finance and the  
6 governor. Notwithstanding any other law to the contrary, the  
7 authority may, subject to the approval of the director of  
8 finance and the governor, issue bonds pursuant to section  
9 -21, in which the discounted value of the bonds exceeds ten  
10 per cent of the issue.

11 (b) The authority may include the costs of undertaking and  
12 maintaining any public housing project or projects for which the  
13 bonds are issued in determining the principal amount of bonds to  
14 be issued. In determining the cost of undertaking and  
15 maintaining the public housing projects, the authority may  
16 include the cost of studies and surveys; insurance premiums;  
17 underwriting fees; financial consultant, legal, accounting, and  
18 other services incurred; reserve account, trustee, custodian,  
19 and rating agency fees; and interest on the bonds for a period  
20 determined by the authority.

21 § -23 **Trustee; designation, duties.** (a) The authority  
22 may designate a trustee for each issue of bonds secured under



1 the same trust indenture; provided that the trustee shall be  
2 approved by the director of finance.

3 (b) The trustee shall be authorized by the authority to  
4 receive and receipt for, hold, and administer the proceeds of  
5 the bonds, and to apply the proceeds to the purposes for which  
6 the bonds are issued.

7 (c) The trustee shall also be authorized by the authority  
8 to hold and administer any public housing project bond special  
9 funds established pursuant to section -28, and to receive and  
10 receipt for, hold, and administer the revenues derived by the  
11 corporation from any public housing project or projects for  
12 which the bonds are issued or the projects pledged to the  
13 payment of the bonds, and to apply the revenues to the payment  
14 of the cost of administering, operating, and maintaining the  
15 public housing project or projects, to pay the principal of and  
16 the interest on the bonds, to the establishment of reserves, and  
17 to other purposes as may be authorized in the proceedings  
18 providing for the issuance of the bonds.

19 (d) Notwithstanding section 39-68, the director of finance  
20 may appoint the trustee to serve as fiscal agent for:

21 (1) The payment of the principal of and interest on the  
22 bonds; and



1       (2) The purchase, registration, transfer, exchange, and  
2           redemption of the bonds.

3       (e) The trustee shall perform additional functions with  
4 respect to the payment, purchase, registration, transfer,  
5 exchange, and redemption, as the director of finance may deem  
6 necessary, advisable, or expeditious, including the holding of  
7 the bonds and coupons, if any, that have been paid and the  
8 supervision of their destruction in accordance with law.

9       (f) Nothing in this part shall limit or be construed to  
10 limit the powers granted to the director of finance in sections  
11 36-3, 39-13, and 39-68(a), to appoint the trustee or others as  
12 fiscal agents, paying agents, and registrars for the bonds or to  
13 authorize and empower those fiscal agents, paying agents, and  
14 registrars to perform the functions referred to in those  
15 sections.

16       § -24 Trust indenture. (a) A trust indenture may  
17 contain covenants and provisions authorized by part III of  
18 chapter 39, and as deemed necessary or convenient by the  
19 authority for the purposes of this part.

20       (b) A trust indenture may allow the authority to pledge  
21 and assign to the trustee agreements related to the public  
22 housing project or projects and the rights of the authority





1 thereunder, including the right to receive revenues thereunder  
2 and to enforce the provision thereof.

3 (c) Where a trust indenture provides that any bond issued  
4 under that trust indenture is not valid or obligatory for any  
5 purpose unless certified or authenticated by the trustee, all  
6 signatures of the officers of the State upon the bonds required  
7 by section 39-56 may be facsimiles of their signatures.

8 (d) A trust indenture shall also contain provisions as to:

9 (1) The investment of the proceeds of the bonds, the  
10 investment of any reserve for the bonds, the  
11 investment of the revenues of the public housing  
12 project or system of public housing projects, and the  
13 use and application of the earnings from investments;  
14 and

15 (2) The terms and conditions upon which the holders of the  
16 bonds or any portion of them or any trustee thereof  
17 may institute proceedings for the enforcement of any  
18 agreement or any note or other undertaking,  
19 obligation, or property securing the payment of the  
20 bonds and the use and application of the moneys  
21 derived therefrom.



1       (e) A trust indenture may also contain provisions deemed  
2 necessary or desirable by the authority to obtain or permit, by  
3 grant, interest subsidy, or otherwise, the participation of the  
4 federal government in the public housing projects or in the  
5 financing of the costs of administering, operating, or  
6 maintaining the public housing projects.

7       § -25 Investment of reserves, etc. The authority may  
8 invest any funds held in reserves or sinking funds or any funds  
9 not required for immediate disbursement, including the proceeds  
10 of bonds, in property or securities in which the director of  
11 finance may legally invest, as provided in section 36-21, except  
12 that funds held outside the state treasury may be invested for  
13 terms not to exceed thirty-five years. No provisions with  
14 respect to the acquisition, operation, or disposition of  
15 property by other public bodies shall be applicable to the  
16 authority unless the legislature shall specifically so state.

17       § -26 Security for funds deposited by the authority.

18 The authority may by resolution provide that all moneys  
19 deposited by it shall be secured:

20       (1) By any securities by which funds deposited by the  
21 director of finance may be legally secured as provided  
22 in section 38-3; or



1        (2) By an undertaking with sureties as are approved by the  
2        authority faithfully to keep and pay over upon the  
3        order of the authority any deposits and agreed  
4        interest thereon, and all banks and trust companies  
5        are authorized to give any security for the deposits.

6        **§ -27 Arbitrage provisions; interest rate.** (a) Any law  
7        to the contrary notwithstanding, neither the authority nor the  
8        director of finance shall make loans or purchase mortgages with  
9        the proceeds of general obligation bonds of the State or from a  
10       revolving fund established or maintained from the proceeds of  
11       bonds, at a rate of interest or upon terms and conditions which  
12       would cause any general obligation bond of the State or any bond  
13       to be an "arbitrage bond" within the meaning of that term as  
14       defined in the Internal Revenue Code of 1986, as amended, and  
15       the regulations of the Internal Revenue Service adopted pursuant  
16       thereto.

17       (b) The rate of interest on loans made under this chapter  
18       from the proceeds of general obligation bonds of the State shall  
19       be established by the authority, with the approval of the  
20       director of finance, after each sale of general obligation bonds  
21       of the State, the proceeds of which are to be used for the  
22       purposes of making loans or purchasing mortgages under this



1 chapter. If no sale of general obligation bonds of the State  
2 intervenes in a twelve-month period after the last rate fixing,  
3 the authority may review the then existing rates on loans or  
4 mortgages made under this chapter from the proceeds of general  
5 obligation bonds of the State and retain the existing rate or,  
6 with the approval of the director of finance, establish  
7 different rates.

8 (c) The director of finance shall approve those rates so  
9 as to produce up to, but not in excess of, the maximum yield to  
10 the State or the authority permitted under the Internal Revenue  
11 Code of 1986, as amended, and the regulations of the Internal  
12 Revenue Service adopted pursuant thereto, on the assumption that  
13 the general obligation bonds of the State, the proceeds of which  
14 have been or are to be used for the purposes of making loans or  
15 purchasing mortgages under this chapter, would otherwise be  
16 "arbitrage bonds" under the Internal Revenue Code of 1986, as  
17 amended, and the regulations of the Internal Revenue Service  
18 adopted pursuant thereto, were the maximum yield to be exceeded.  
19 The establishment of the rates of interest shall be exempt from  
20 chapter 91.

21 § -28 Public housing revolving fund; housing project  
22 bond special funds. (a) There is established the public



1 housing revolving fund to be administered by the authority.  
2 Notwithstanding section 36-21, the proceeds in the fund shall be  
3 used for long-term and other special financings of the authority  
4 and for necessary expenses in administering this chapter.

5 (b) All moneys received and collected by the authority,  
6 not otherwise pledged or obligated nor required by law to be  
7 placed in any other special fund, shall be deposited into the  
8 public housing revolving fund.

9 (c) A separate special fund shall be established for each  
10 public housing project or projects financed from the proceeds of  
11 bonds secured under the trust indenture. Each fund shall be  
12 designated "housing project bond special fund" and shall bear  
13 additional designation as the authority deems appropriate to  
14 properly identify the fund.

15 (d) Notwithstanding any other law to the contrary, all  
16 revenues, income, and receipts derived from a public housing  
17 project or projects financed from the proceeds of bonds or  
18 pledged to the payment of principal of, and interest and premium  
19 on bonds, shall be paid into the housing project bond special  
20 fund established for the public housing project or projects and  
21 applied as provided in the proceedings authorizing the issuance  
22 of bonds.



1        § -29 Quitclaim deeds. Unless otherwise provided by  
2 law, the authority shall issue quitclaim deeds and leases  
3 whenever it conveys, transfers, sells, or assigns any property  
4 developed, constructed, or sponsored under this chapter.

5                    PART II. FEDERAL LOW INCOME HOUSING

6        § -31 Rentals and tenant selection. (a) In the  
7 operation or management of public housing projects, the  
8 authority (acting directly or by an agent or agents) shall at  
9 all times, observe the following duties with respect to rentals  
10 and tenant selections:

11        (1) The authority may establish maximum limits of annual  
12 net income for tenant selection in any public housing  
13 project, less any exemptions as may be authorized by  
14 federal regulations pertaining to public housing. The  
15 authority may agree to conditions as to tenant  
16 eligibility or preference required by the federal  
17 government pursuant to federal law in any contract for  
18 financial assistance with the authority;

19        (2) The authority may rent or lease the dwelling  
20 accommodations therein only at rentals within the  
21 financial reach of persons who lack the amount of  
22 income which it determines to be necessary in order to



1 obtain safe, sanitary, and uncongested dwelling  
2 accommodations within the area of operation of the  
3 authority and to provide an adequate standard of  
4 living; and

5 (3) The authority may rent or lease to a tenant a dwelling  
6 consisting of the number of rooms (but no greater  
7 number) which it deems necessary to provide safe and  
8 sanitary accommodations to the proposed occupants  
9 thereof, without overcrowding.

10 (b) Nothing in this part shall be construed as limiting  
11 the power of the authority:

12 (1) To vest in an obligee the right, in the event of a  
13 default by the authority, to take possession of a  
14 public housing project or cause the appointment of a  
15 receiver thereof, free from all the restrictions  
16 imposed by this part with respect to rentals, tenant  
17 selection, manner of operation, or otherwise; or

18 (2) To vest in obligees the right, in the event of a  
19 default by the authority, to acquire title to a public  
20 housing project or the property mortgaged by the  
21 authority, free from all the restrictions imposed by  
22 this part.



1        § -32 Delinquent accounts. (a) Notwithstanding section  
2 40-82, the authority, with the approval of the attorney general,  
3 may delete from its accounts receivable records, delinquent  
4 accounts for vacated units within federal low rent public  
5 housing projects that have been delinquent for at least ninety  
6 days.

7        (b) The delinquent accounts may be assigned to a  
8 collection agency.

9        (c) Before the authority seeks eviction of a tenant due to  
10 delinquency in payment of rent, the authority shall comply with  
11 the procedures set forth in section 201G-52(b) before proceeding  
12 with the eviction hearing.

13       § -33 Investigatory powers. (a) The authority may:

14       (1) Investigate living, dwelling, and housing conditions  
15       and the means and methods of improving the conditions;

16       (2) Enter upon any building or property in order to  
17       conduct investigations or to make surveys or  
18       soundings;

19       (3) Conduct examinations and investigations and hear  
20       testimony and take proof under oath at public or  
21       private hearings on any matter material for its  
22       information;





1       (4) Issue subpoenas requiring the attendance of witnesses  
2       or the production of books and papers, and order the  
3       examination of witnesses who are unable to attend  
4       before the authority, are excused from attendance, or  
5       by leave of courts as provided by chapter 624, are out  
6       of the State; and

7       (5) Make available to any government agency charged with  
8       the duty of abating or requiring the correction of  
9       nuisances or like conditions, or of demolishing unsafe  
10      or unsanitary structures within its territorial  
11      limits, its findings and recommendations with regard  
12      to any building or property where conditions exist  
13      which are dangerous to the public health, morals,  
14      safety, or welfare.

15      (b) Investigations or examinations may be conducted by the  
16      authority or by a committee appointed by it, consisting of one  
17      or more members, or by counsel, or by an officer or employee  
18      specially authorized by the authority to conduct it. Any person  
19      designated by the authority to conduct an investigation or  
20      examination shall have power to administer oaths, take  
21      affidavits, and issue subpoenas or orders for the taking of  
22      depositions.



1        § -34 Additional powers. The powers conferred upon the  
2 corporation by this subpart shall be in addition and  
3 supplemental to the powers conferred by any other law, and  
4 nothing herein shall be construed as limiting any powers,  
5 rights, privileges, or immunities so conferred.

6                    PART III. STATE LOW INCOME HOUSING

7                    A. State low income housing; administration

8        § -41 Definitions. The following terms, wherever used  
9 or referred to in this subpart, shall have the following  
10 meanings, unless a different meaning clearly appears from the  
11 context:

12        "Administer" or "administration" means the management,  
13 operation, maintenance, and regulation of any state low income  
14 housing project. It also includes any and all undertakings  
15 necessary therefor.

16        "Veteran" includes any person who served in the military or  
17 naval forces of the United States during World War II and who  
18 has been discharged or released therefrom under conditions other  
19 than dishonorable. The term "veteran" includes Filipino World  
20 War II veterans who served honorably in an active duty status  
21 under the command of the United States Armed Forces in the Far  
22 East, or within the Philippine Army, the Philippine Scouts, or



1 recognized guerilla units. The Filipino World War II veterans  
2 must have: served at any time between September 1, 1939, and  
3 December 31, 1946; been born in the Philippines; and resided in  
4 the Philippines prior to the military service.

5 § -42 **Housing, tenant selection.** Subject to the  
6 following limitations and preferences, the authority shall  
7 select tenants upon the basis of those in greatest need for  
8 housing. The authority may limit the tenants of any state low  
9 income housing project to classes of persons when required by  
10 federal law or regulation as a term or condition of obtaining  
11 assistance from the federal government. Within the priorities  
12 established by the authority recognizing need, veterans with a  
13 permanent disability of ten per cent or more as certified by the  
14 United States Department of Veterans' Affairs, the dependent  
15 parents of the veteran and the deceased veteran's widow shall be  
16 given first preference.

17 § -43 **Rentals.** (a) Notwithstanding any law to the  
18 contrary, the authority shall fix the rates of the rentals for  
19 dwelling accommodations and other facilities in the state low  
20 income housing projects provided for by this subpart, at rates  
21 that will produce revenues that will be sufficient to pay all  
22 expenses of management, operation, and maintenance, including



1 the cost of insurance, a proportionate share of the  
2 administrative expenses of the authority (to be fixed by it),  
3 and the costs of repairs, equipment, and improvements, so that  
4 the state low income housing projects shall be and always remain  
5 self-supporting. The authority, in its discretion, may fix the  
6 rates in amounts that will produce additional revenues (in  
7 addition to the foregoing) sufficient to amortize the cost of  
8 the state low income housing project or projects, including  
9 equipment, over a period or periods of time that the authority  
10 may deem advisable.

11 (b) Notwithstanding any law to the contrary, if any state  
12 low income housing project or projects have been specified in  
13 any resolution of issuance adopted pursuant to part I or if the  
14 income or revenues from any project or projects have been  
15 pledged by the authority to the payment of any bonds issued  
16 under part I, or if any of the property of any state low income  
17 housing project or projects is security for any bonds, the  
18 authority shall fix the rates of the rentals for dwelling  
19 accommodations and other facilities in the state low income  
20 housing project or projects specified or encumbered at increased  
21 rates that will produce the revenues required by subsection (a)  
22 and, in addition, those amounts that may be required by part I,



1 by any resolution of issuance adopted under part I and by any  
2 bonds or mortgage or other security issued or given under part  
3 I.

4 **§ -44 Administration of state low income housing**  
5 **projects and programs.** (a) The authority may construct,  
6 develop, and administer property or housing for the purpose of  
7 state low income housing projects and programs.

8 (b) State low income housing projects shall be subject to  
9 chapter 521.

10 (c) The authority shall adopt necessary rules in  
11 accordance with chapter 91 including the establishment and  
12 collection of reasonable fees for administering the state low  
13 income housing projects or programs and to carry out any state  
14 program under subsection (a).

15 **§ -45 State low income housing revolving fund.** The  
16 director of finance shall establish a revolving fund to be known  
17 as "the state low income housing revolving fund".

18 Notwithstanding any law to the contrary, moneys received by the  
19 authority under or pursuant to this subpart, including refunds,  
20 reimbursements, rentals, fees, and charges received from  
21 tenants, shall be deposited in the state low income housing  
22 revolving fund. Except as otherwise provided in this chapter,



1 the state low income housing revolving fund may be expended by  
2 the authority for any and all of the purposes of this subpart,  
3 including, without prejudice to the generality of the foregoing,  
4 the expenses of management, operation, and maintenance of state  
5 low income housing, including but not limited to the cost of  
6 insurance, a proportionate share of the administrative expenses  
7 of the authority, and the cost of repairs, equipment, and  
8 improvement; the acquisition, clearance, and improvement of  
9 property; the construction and reconstruction of building sites;  
10 the construction, reconstruction, repair, remodeling, extension,  
11 equipment, and furnishing of any state low income housing  
12 project; the development and administration of any state low  
13 income housing project; the payment of rentals; and  
14 administration and other expenses.

15 **§ -46 Investigatory powers.** (a) The authority may:  
16 (1) Investigate living, dwelling, and housing conditions  
17 and the means and methods of improving those  
18 conditions;  
19 (2) Enter upon any building or property in order to  
20 conduct investigations or to make surveys or  
21 soundings;



- 1       (3) Conduct examinations and investigations, hear  
2       testimony and take proof under oath at public or  
3       private hearings on any matter material for its  
4       information;
- 5       (4) Issue subpoenas requiring the attendance of witnesses  
6       or the production of books and papers, and order the  
7       examination of witnesses who are unable to attend  
8       before the authority, are excused from attendance, or  
9       by leave of courts as provided by chapter 624, are out  
10      of the State; and
- 11      (5) Make available to any government agency charged with  
12      the duty of abating or requiring the correction of  
13      nuisances or like conditions, or of demolishing unsafe  
14      or unsanitary structures within its jurisdictional  
15      limits, its findings and recommendations with regard  
16      to any building or property where conditions exist  
17      which are dangerous to the public health, morals,  
18      safety, or welfare.
- 19      (b) Investigations or examinations may be conducted by the  
20      authority or by a committee appointed by it, consisting of one  
21      or more members, or by counsel, or by an officer or employee  
22      specially authorized by the authority to conduct it. Any person



1 designated by the authority to conduct an investigation or  
2 examination may administer oaths, take affidavits, and issue  
3 subpoenas or orders for the taking of depositions.

4 **§ -47 Housing, government aid, political subdivisions.**

5 Any political subdivision may appropriate money for the purposes  
6 of meeting any local participation in housing costs or expenses  
7 required in order to obtain assistance from the federal  
8 government in the development and administration of state low  
9 income housing projects and programs under this subpart, or of  
10 providing funds for use by the authority in developing and  
11 administering state low income housing projects.

12 **§ -48 Additional powers.** The powers conferred upon the  
13 authority by this subpart shall be in addition and supplemental  
14 to the powers conferred upon it by any other law, and nothing in  
15 this subpart shall be construed as limiting any powers, rights,  
16 privileges, or immunities conferred upon it.

17 **B. State low income housing; liens**

18 **§ -51 Definitions.** The following terms wherever used or  
19 referred to in this subpart shall have the following respective  
20 meanings, unless a different meaning clearly appears from the  
21 context:





1       "State low income housing project" means and includes any  
2 state low income housing project or projects owned, managed,  
3 administered, or operated by the authority.

4       "Tenant" includes any person occupying a room, dwelling  
5 accommodation, living quarters, or space in any state low income  
6 housing project, under or by virtue of any tenancy lease,  
7 license, or permit under or from the authority.

8       **§ -52 Lien on personalty for rent, etc.** The authority  
9 shall have a statutory lien on all personal property, not exempt  
10 from execution, belonging to, or in the lawful possession of,  
11 every tenant while the personal property is in or upon any state  
12 low income housing project, for the amount of its proper charges  
13 against the tenant for rent of a room, dwelling accommodation,  
14 living quarters, or space in the state low income housing  
15 project, or for utilities, facilities, or services in the state  
16 low income housing project. The lien shall commence with the  
17 tenancy or occupancy of the tenant and continue for one year  
18 after the charge or charges are due and owing to the authority.  
19 Whenever any tenant fails or refuses to pay the charge or  
20 charges after the charges are due and owing, the authority shall  
21 have the right and power, acting by its authorized agents or  
22 representatives, without process of law and without any



1 liability for the taking, seizure, and retention of the personal  
2 property, to take and seize any of the personal property  
3 belonging to, or in the lawful possession of, the tenant which  
4 is found in or upon the public housing project, and to hold and  
5 retain the personal property, as security for the payment of the  
6 charge or charges, until the amount of the charge or charges is  
7 paid and discharged. If the charge or charges, due and owing,  
8 are not paid and discharged within thirty days after the taking  
9 and seizure, the authority may sell the personal property.

10 § -53 Foreclosure of lien, notice, etc. The lien upon  
11 personal property which has been taken and retained by the  
12 authority may be foreclosed by the authority by selling the  
13 personal property at public auction:

14 (1) After first mailing by United States mail, postage  
15 prepaid, a notice of the foreclosure, addressed to the  
16 tenant who owns, or was in possession of, the personal  
17 property, at the tenant's last address shown on the  
18 records of the authority, stating that, unless the  
19 charge or charges then due and owing from the tenant  
20 to the authority are paid within ten days from the  
21 time of mailing the notice, the personal property will  
22 be sold at public auction; and



1       (2) After first giving public notice of the foreclosure  
2       and sale at least two times in the county in which the  
3       personal property is located. Each notice shall  
4       contain a brief description of the personal property;  
5       the name of the tenant, if known; the name of the  
6       owner of the personal property, if known; the amount  
7       of the charge or charges; and the time and place of  
8       the sale. Notices of several foreclosures and sales  
9       may be combined in one notice; and whenever combined  
10       and given, the expenses of notice and sale shall be a  
11       statutory lien upon the property described in the  
12       notice in a ratable proportion according to the amount  
13       received for each lot of property so noticed for sale.

14 If the tenant fails to pay to the authority within ten days  
15 after the mailing of the notice of foreclosure the charge or  
16 charges, the authority may sell the property at public auction  
17 at the time and place stated in the notice, or at a time or  
18 times or place or places to which the sale may be postponed or  
19 adjourned at the time and place stated in the notices, and may  
20 apply the proceeds thereof to the payment of the charge or  
21 charges and the expenses of notice and sale. The balance, if  
22 any remaining, shall be paid over to the tenant who formerly



1 owned, or was in possession of, the property. If the balance is  
2 not claimed by the tenant within thirty days after the sale,  
3 then the balance shall be paid over to the director of finance  
4 and it shall be kept by the director in a special deposit for a  
5 period not to exceed six months. If claimed by the tenant  
6 during that period it shall be paid to the tenant. If no claim  
7 is made during that period, the sum shall become a government  
8 realization and paid into the general fund.

9 § -54 Sheriff or police to assist. The authority, in  
10 taking, seizing, holding, retaining, or selling any personal  
11 property pursuant to sections -52 and -53, may require the  
12 assistance of the sheriff or any authorized police officer of  
13 any county. Any sheriff or officer, when required shall assist  
14 the authority.

15 § -55 Existing contracts not impaired. Sections -52  
16 and -53 shall not be construed as to impair or affect the  
17 obligation of any contract existing on or before May 9, 1949.

18 § -56 Lien on abandoned personalty, sale, etc. Whenever  
19 the authority has in its possession for four months after the  
20 termination of any residence or occupancy herein mentioned, any  
21 personal property that has been left in or about any state low  
22 income housing project by any person who formerly resided in, or



1 occupied a room, dwelling accommodation, living quarters, or  
2 space in the state low income housing project, the authority may  
3 sell the same at public auction and apply the proceeds thereof  
4 to the payment of its charges for storage of the personal  
5 property, and for public notice and sale, and to the payment of  
6 other amounts, if any, then due and owing from the former  
7 resident or occupant for rent or for any utility or service.  
8 Before any sale is made, the authority shall first give public  
9 notice of the time and place of the sale at least two times in  
10 the county in which the personal property is located. The  
11 notice shall contain a brief description of the property; the  
12 name, if known, of the former resident or occupant who left the  
13 property in or about the housing project; the amount of the  
14 charges for storage, if any, and the indebtedness, if any; and  
15 the time and place of the sale. The charges for storage, if  
16 any, and for notice and sale, and the indebtedness, if any,  
17 shall be a lien upon the personal property. Notices of several  
18 sales may be combined and given in one notice, and whenever  
19 combined and given, the expenses of notice and sale shall be a  
20 lien and shall be satisfied in ratable proportion according to  
21 the amount received for each lot of property so noticed for  
22 sale.



1        § -57 Disposition of surplus proceeds. After the sale  
2 the authority shall apply the proceeds as provided in section  
3 -56. The balance, if any remaining, shall be paid over to  
4 the former resident or occupant. If the balance is not claimed  
5 by the former resident or occupant within thirty days after the  
6 sale thereof, then the balance shall be paid over to the  
7 director of finance and shall be kept by the director in a  
8 special deposit for a period not to exceed six months. If  
9 claimed by the former resident or occupant during that period,  
10 it shall be paid to the former resident or occupant. If no  
11 claim is made during that period, the sum shall become a  
12 government realization and paid into the general fund.

13        § -58 Lien attaches to personalty in possession.  
14 Sections -56 and -57 shall also apply to any personal  
15 property which, before May 2, 1949, was left in, or about any  
16 public housing project, and was taken into the possession of the  
17 authority, as herein set forth and provided.

18        § -59 Priority of housing lien. The statutory liens  
19 provided for in this subpart shall be preferred and have  
20 priority over all other liens or claims and over all attachments  
21 or other process.





- 1           cease to be a resident therein upon the recovery of,  
2           or removal from the project of, the elder;
- 3       (3) It may rent or lease to an elder a dwelling  
4           accommodation consisting of any number of rooms as the  
5           authority deems necessary or advisable to provide safe  
6           and sanitary accommodations to the proposed resident  
7           or residents without overcrowding;
- 8       (4) Notwithstanding that the elder has no written rental  
9           agreement or that it has expired, so long as the elder  
10           continues to tender the usual rent to the authority or  
11           proceeds to tender receipts for rent lawfully  
12           withheld, no action or proceeding to recover  
13           possession of the dwelling unit may be maintained  
14           against the elder, nor shall the authority otherwise  
15           cause the elder to quit the dwelling unit  
16           involuntarily, demand an increase in rent from the  
17           elder, or decrease the services to which the elder has  
18           been entitled during hospitalization of the elder due  
19           to illness or other disability; and
- 20       (5) Elder or elderly housing shall be subject to chapter  
21           521.





1       § -72 Housing for elders revolving fund. There is  
2 created a housing for elders revolving fund to be administered  
3 by the authority. Notwithstanding any law to the contrary,  
4 moneys received or collected by the authority pursuant to this  
5 subpart shall be deposited into the revolving fund. Revenues  
6 from the fund may be used to pay the expenses of management,  
7 operation, and maintenance of housing, including but not limited  
8 to the cost of insurance, a proportionate share of the  
9 administrative expenses of the authority, and the costs of  
10 repairs, equipment, and improvements.

11       § -73 Additional powers. The powers conferred upon the  
12 authority by this subpart shall be in addition and supplemental  
13 to the powers conferred by any other law, and nothing herein  
14 shall be construed as limiting any powers, rights, privileges,  
15 or immunities so conferred.

16                   PART V. AUTHORITY-COUNTY COOPERATION

17       § -81 Gifts, etc. to counties from authority. The  
18 authority may make and pay gifts, or donations, of money  
19 directly to any county. Any county may receive the gifts or  
20 donations as a general fund realization, and expend the funds  
21 for any purpose authorized by law.



1        § -82 Facilities and services by counties to authority  
2 and tenants. Each county within which the authority may own,  
3 operate, or administer any public housing project or complex  
4 under any law or laws, and to which, or for whose benefit, the  
5 authority has made (by payment to the county) or may hereafter  
6 make, gifts or donations, including any payment in lieu of  
7 taxes, upon request of the authority, shall provide and furnish  
8 to the authority, in regard to every public housing project or  
9 complex within the county, and to the tenants and other  
10 occupants of the housing project, free of charge and without  
11 condition or other requirement, all the facilities, services,  
12 and privileges as it provides or furnishes, with or without  
13 charge or other consideration, to any person or persons  
14 whomsoever, including, without limitation to the generality of  
15 the foregoing, police protection, fire protection, street  
16 lighting, or paving maintenance, traffic control, garbage or  
17 trash collection and disposal, use of streets or highways, use  
18 of county incinerators or garbage dumps, storm drainage, and  
19 sewage disposal. In addition, each county, upon request of the  
20 authority and free of charge and without condition or other  
21 requirement, shall open or close, but not construct or  
22 reconstruct, streets, roads, highways, alleys, or other



1 facilities within any public housing project or complex within  
2 the county. Nothing in this section shall be construed to  
3 restrict or limit the power of the authority to agree to pay, or  
4 to pay, for any and all of the facilities, services, and  
5 privileges, if in its discretion it deems the payment advisable.

6 § -83 Construction of additional powers. Sections  
7 -41 and -42 shall not be construed as abrogating,  
8 limiting, or modifying part II, including amendments thereto.

9 § -84 Charges for prior services by counties to  
10 authority. Every county (including departments, boards, or  
11 instrumentalities thereof) which has, prior to May 14, 1949,  
12 provided or furnished any facilities, services, or privileges,  
13 including, without limitation to the generality of the  
14 foregoing, garbage and trash collection and disposal, use of  
15 streets or highways, and use of county incinerators or garbage  
16 dumps, to the authority in regard to any public housing project  
17 or complex owned, operated, or administered by the authority  
18 under any law or laws, or to the tenants or occupants of the  
19 public housing project or complex, for which facilities,  
20 services, or privileges the authority, or the tenants or  
21 occupants have not paid, is prohibited from charging,



1 collecting, or receiving any privileges, except the sum or sums  
2 as the authority, in its discretion, may hereafter agree to pay.

3 § -85 **Garbage, trash disposal.** Every county that  
4 maintains or operates any garbage or trash collection and  
5 disposal service, free of charge, shall collect and dispose of  
6 garbage and trash at, and from any public housing project or  
7 complex located within a county, which is owned, operated, or  
8 administered by the authority. Upon request of the authority,  
9 each county shall allow the authority to establish, maintain, or  
10 operate its own garbage and trash collection and disposal  
11 service for any or all public housing project or complex located  
12 within the county, and in regard to the service, shall allow the  
13 authority to use, free of charge, all incinerators, garbage  
14 dumps, and other facilities that the county may own, control, or  
15 operate.

16 Nothing in this section shall prohibit or prevent the  
17 authority from paying, and any county from receiving, any sum or  
18 sums which the authority in its discretion may agree to pay as  
19 reasonable compensation for the services or facilities provided  
20 by any county pursuant to this section.

21 § -86 **Furnishing of free water not required.** Sections  
22 -82 to -85 shall not be construed to require the



1 furnishing of any free water to the authority or to the tenants  
2 or occupants of any public housing project or complex owned,  
3 operated, or administered by the authority.

4 § -87 Powers, etc., supplemental. The powers conferred  
5 upon the authority by sections -41 to -45 shall be in  
6 addition and supplemental to the powers conferred by any other  
7 law, and nothing in the sections shall be construed as limiting  
8 any other powers, rights, privileges, or immunities of the  
9 authority.

10 § -88 Regulation of traffic within public housing  
11 projects in city and county of Honolulu. Any law to the  
12 contrary notwithstanding, the city council of the city and  
13 county of Honolulu may regulate traffic within the various  
14 public housing projects of the authority in the city and county  
15 of Honolulu by ordinance.

16 § -89 Regulation of traffic within public housing  
17 projects in other counties. Any law to the contrary  
18 notwithstanding, the county councils of the counties of Hawaii,  
19 Maui, and Kauai may regulate traffic within the various public  
20 housing projects of the authority within their respective  
21 counties by ordinance as provided by law.



1        § -90 Regulations, effective when. No ordinance or laws  
2 enacted by the council of any county regulating traffic within  
3 the public housing projects of the authority within the county  
4 shall be valid or effective unless prior thereto, the authority  
5 has entered into a written contract with the county absolving  
6 the county from any and all responsibility or liability for the  
7 construction, maintenance, and repair of any streets, lanes,  
8 alleys, or highways or street markers, traffic signs, or signal  
9 devices within the projects of the authority.

10       § -91 Additional powers. The powers conferred upon the  
11 authority by this subpart shall be in addition and supplemental  
12 to the powers conferred by any other law, and nothing herein  
13 shall be construed as limiting any powers, rights, privileges,  
14 or immunities so conferred.

15                    **PART VI. HOMELESS ASSISTANCE**

16                            **A. General Provisions**

17        § -101 Additional definitions. As used in this part:  
18        "Donor" means any individual, partnership, corporation,  
19 joint-stock company, unincorporated organization, foundation,  
20 estate, trust, or any other person or firm that donates money,  
21 real property, goods, or services to a homeless facility, or any  
22 other program for the homeless authorized by this part,



1 including board members, trustees, officers, partners,  
2 principals, stockholders, members, managers, employees,  
3 contractors, agents of these entities, or any person who was  
4 involved with the donation.

5 "Emergency shelter" means a homeless facility designed to  
6 provide temporary shelter and appropriate and available services  
7 to homeless families or individuals for up to six weeks.

8 "Homeless" means:

9 (1) An individual or family who lacks a fixed, regular,  
10 and adequate nighttime residence; and

11 (2) An individual or family who has a primary nighttime  
12 residence that is:

13 (A) A supervised publicly or privately operated  
14 shelter designed to provide temporary living  
15 accommodations;

16 (B) An institution that provides temporary residence  
17 for individuals intended to be institutionalized;  
18 or

19 (C) A public or private place not designed for or  
20 ordinarily used as sleeping accommodations for  
21 human beings.



1 This term does not include any individual imprisoned or  
2 otherwise detained under an act of Congress or a state law.

3 "Homeless facility" means a development designed to provide  
4 shelter for homeless families or individuals pursuant to this  
5 part, or to facilitate any other homeless program authorized by  
6 this part, and may include emergency or transitional shelters.

7 "Homeless shelter stipend" means a payment to a provider  
8 agency or to the authority on behalf of a homeless family or  
9 individual to assist with the costs of operating a homeless  
10 facility and providing appropriate services.

11 "Provider agency" means an organization, including its  
12 board and officers and any employees, contractors, or agents,  
13 contracted by the authority to provide labor and services to any  
14 homeless facility, or any other program for the homeless  
15 authorized by this part, that is:

16 (1) A profit organization incorporated under the laws of  
17 the State or a nonprofit organization determined by  
18 the Internal Revenue Service to be exempt from the  
19 federal income tax; or

20 (2) A nonprofit organization, with a governing board whose  
21 members have no material conflict of interest and  
22 serve without compensation with bylaws or policies





1           that describe the manner in which business is  
2           conducted and policies that relate to nepotism and  
3           management of potential conflict of interest  
4           situations.

5           In addition, the organization shall be qualified by the  
6           authority to operate and manage a homeless facility, or any  
7           other program for the homeless authorized by this part, pursuant  
8           to eligibility standards and criteria established by rules  
9           adopted pursuant to chapter 91.

10           "Transitional shelter" means a homeless facility designed  
11           to provide temporary shelter and appropriate and available  
12           services to homeless families or individuals for up to twenty-  
13           four months, pursuant to rules adopted in accordance with  
14           chapter 91.

15           § -102 Duties. (a) In addition to any other power or  
16           duty prescribed by law, the authority shall administer and  
17           operate homeless facilities and any other program for the  
18           homeless authorized by this part; establish programs for the  
19           homeless; and take any other actions necessary to effectuate the  
20           purposes of this part.

21           (b) The authority shall adopt rules pursuant to chapter 91  
22           for the purposes of this part; provided that these rules or any



1 rules relating directly to homelessness authorized by any  
2 statute, shall be exempt from the requirements of chapter 91,  
3 and shall take effect immediately upon filing with the office of  
4 the lieutenant governor.

5 § -103 Exception to liability for donors. (a) Any  
6 donor who gives money to a provider agency, to a homeless  
7 facility, to or through the authority, or for any other program  
8 for the homeless authorized by this part, shall not be liable  
9 for any civil damages resulting from the donation.

10 (b) Any donor who gives land and improvements, or who  
11 leases land and improvements at a nominal consideration, to a  
12 provider agency, to a homeless facility, to or through the  
13 authority, or for any other program for the homeless authorized  
14 by this part, shall not be liable for any civil damages  
15 resulting from the donation except as may result from the  
16 donor's gross negligence or wanton acts or omissions; provided  
17 that, if the donor at the time of donation gave the authority a  
18 full accounting of all the dangers concerning the land and  
19 improvements known to the donor, then the donor shall not be  
20 liable for any civil damages resulting from the donation.

21 (c) Any donor who in good faith and without remuneration  
22 or expectation of remuneration provides services or materials



1 used to build and construct a facility for the homeless, or who  
2 renovates, repairs, or maintains an existing or acquired  
3 facility for the homeless, or who provides shelter to homeless  
4 persons, shall not be liable for any civil damages resulting  
5 from the donor's acts or omissions, except for damages resulting  
6 from the donor's gross negligence relating to the donation.

7 (d) The authority shall be responsible for inspecting,  
8 reviewing, analyzing, qualifying, and determining that the land,  
9 structures, materials, or services donated to the authority for  
10 use by the authority in facilities for the homeless are  
11 reasonably safe for public use.

12 **§ -104 Contract or conveyance to the authority.**

13 Notwithstanding any other law to the contrary, the board of land  
14 and natural resources or other state agency holding lands and  
15 improvements thereon, for purposes of this part, may contract or  
16 otherwise convey at a nominal consideration, by direct  
17 negotiation and without recourse to public auction, the land and  
18 improvements, or the management, operation, and administrative  
19 responsibility over the land and improvements, to the authority  
20 or its designee. The land and improvements shall be used by the  
21 authority or its designee for homeless facilities, or for any  
22 other program for the homeless authorized by this part.



1       § -105 Program administration. To the extent that  
2 appropriations are made available, the authority may contract  
3 with a provider agency to administer homeless facilities, or any  
4 other program for the homeless created by this part. The  
5 selection of provider agencies to administer homeless  
6 facilities, or any other program for the homeless authorized by  
7 this part, shall not be subject to chapters 42F, 102, 103, and  
8 103F. The selection of provider agencies shall be subject to  
9 qualifying standards and criteria established by rule adopted  
10 pursuant to chapter 91.

11       § -106 Time limits. To the extent that appropriations  
12 are made available, a provider agency shall provide shelter or  
13 any other program assistance authorized by this part to eligible  
14 homeless families and homeless individuals not later than two  
15 days, or a time set by rule which shall not be later than seven  
16 days, after they apply and qualify for the shelter or other  
17 program assistance, pursuant to rule. Such time limits may be  
18 waived at the discretion of the authority for a maximum period  
19 of fourteen days for the purpose of implementing repairs to the  
20 subject shelter, which repairs the authority deems major or  
21 extensive.



1        § -107 Determination of eligibility and need. (a) The  
2 provider agency operating and managing a homeless facility, or  
3 any other program for the homeless authorized by this part, or  
4 the authority operating and managing its own homeless facility,  
5 shall be responsible for determining if an applicant is eligible  
6 for shelter or other services at the homeless facility or  
7 through any other program for the homeless, pursuant to  
8 standards and criteria established by rule adopted pursuant to  
9 chapter 91.

10        (b) The provider agency or the authority operating and  
11 managing its own homeless facility shall determine the degree of  
12 need for each homeless family or individual and in its  
13 determination shall consider the resources available and the  
14 number of potential eligible applicants in the area served by  
15 the homeless facility or other program for the homeless  
16 authorized by this part.

17        (c) The authority may establish by rule adopted pursuant  
18 to chapter 91, standards and criteria for eligibility, need, and  
19 priority for each program; provided that the authority may  
20 establish by rule adopted pursuant to chapter 91, exceptions to  
21 these eligibility requirements based on special circumstances.



1        § -108 Abuse of assistance. (a) The provider agency  
2 operating and managing a homeless facility, or any other program  
3 for the homeless authorized by this part, or the authority  
4 operating and managing its own homeless facility, shall be  
5 responsible for determining if a participant is no longer  
6 eligible for shelter or other services at the homeless facility  
7 or through any other program for the homeless, pursuant to  
8 standards and criteria established by rule adopted pursuant to  
9 chapter 91.

10        (b) Pursuant to rule adopted pursuant to chapter 91, and  
11 the right of due process, the authority or its designee, or  
12 provider agencies together with the authority, may act to bar  
13 homeless families or individuals from participating further in  
14 any homeless facility, may issue a writ of possession, and take  
15 other actions as provided by rule adopted pursuant to chapter  
16 91.

17        The enforcement of a writ of possession shall be effected  
18 either by an officer appointed by the authority, who shall have  
19 all of the powers of a police officer for all action in  
20 connection with the enforcement of the writ, or any other law  
21 enforcement officer of the State or any county, whose duty it  
22 shall be to enforce the writ. The person enforcing the writ



1 shall remove all persons from the premises and put the authority  
2 or its designee, or the provider agency designated by the  
3 authority, in full possession thereof.

4 Upon eviction, the household goods and personal effects of  
5 the person against whom the writ is entered, and those of any  
6 persons using the premises incident to the person's holding, may  
7 be removed from the premises immediately and sold or otherwise  
8 disposed of by the authority or its designee, or the provider  
9 agency. If the action is taken, the authority or its designee,  
10 or the provider agency, shall have a lien on the property so  
11 removed for the expenses incurred by it in moving the property.

12 (c) Any person who enters or remains unlawfully in or upon  
13 the premises or living quarters of any homeless facility, or any  
14 other program for the homeless authorized by this part, after  
15 reasonable warning or request to leave by that provider agency's  
16 authorities, the authority or its designee, or a police officer,  
17 shall be guilty of a misdemeanor; provided that the offense in  
18 this subsection shall be in addition to any other applicable  
19 offense in the Hawaii penal code. A warning or request shall  
20 only be issued if the person has engaged in unlawful conduct or  
21 has violated house rules and regulations; provided that the  
22 warning or request for violation of house rules and regulations



1 shall be issued only if that provider agency, or the authority  
2 or its designee, has filed a copy of its current house rules and  
3 regulations governing tenancy or participation at the shelter,  
4 facility, or program, and any changes thereto, with the director  
5 of commerce and consumer affairs. The house rules and  
6 regulations shall be reasonable and a copy shall be provided to  
7 each tenant or participant. The warning or request shall  
8 supersede any invitation by a tenant or participant at the  
9 shelter, facility, or program to that person to visit the  
10 premises or living quarters.

11 § -109 Exemptions. (a) Any compensation received by a  
12 provider agency for services rendered to homeless families or  
13 individuals, or in operating or managing a homeless facility  
14 authorized by this part, is exempt from taxes under chapter 237.

15 (b) Any county mayor may exempt by executive order, donors  
16 and homeless provider agencies from real property taxes, water  
17 and sewer development fees, rates collected for water supplied  
18 to consumers and for use of sewers, and any other county taxes,  
19 charges, or fees; provided that any county may enact ordinances  
20 to regulate the exemptions granted by this subsection.

21 (c) Any provider agency operating or managing a homeless  
22 facility, or any other program for the homeless authorized by





1 this part, is exempt, for purposes of those facilities or  
2 programs, from any requirements contained in part VIII of  
3 chapter 346 and chapters 467 and 521.

4 **§ -110 Emergency/transitional shelter volunteers**

5 **exempted.** (a) For the purposes of this section,  
6 "emergency/transitional shelter volunteer" means an individual  
7 who:

- 8 (1) Is a tenant at an emergency or transitional shelter  
9 administered pursuant to this part;
- 10 (2) Is not an employee of the provider agency operating or  
11 managing the shelter;
- 12 (3) Is under the direction of the provider agency  
13 operating or managing the shelter and not the  
14 corporation or State; and
- 15 (4) Provides up to eighty hours of volunteer labor or  
16 services per month to the provider agency operating or  
17 managing the shelter, notwithstanding payment of  
18 stipends or credits for labor and services.
- 19 (b) Provider agencies may accept labor and services from  
20 emergency/transitional shelter volunteers.
- 21 (c) In addition to any exemptions granted to nonpaid  
22 labor, emergency/transitional shelter volunteers who acknowledge



1 in writing that they are emergency/transitional shelter  
2 volunteers, shall not be construed to be in the employ of the  
3 provider agency operating or managing the shelter. The  
4 volunteers' labor and services provided to the provider agency  
5 operating or managing the shelter shall not be construed to  
6 constitute employment, and the volunteers shall not be construed  
7 to be employees of the provider agency operating or managing the  
8 shelter, under any labor law.

9 § -111 Annual performance audits. (a) The authority  
10 shall require any provider agency that dispensed shelter or  
11 assistance for any homeless facility or any other program for  
12 the homeless authorized by this part to submit to the  
13 corporation a financial audit and report on an annual basis  
14 conducted by a certified public accounting firm. This audit and  
15 report shall contain information specific to the funds received  
16 under state homeless programs contracts. The audit shall  
17 include recommendations to address any problems found.

18 (b) Continuing contracts with provider agencies to  
19 participate in any program for the homeless authorized by this  
20 part shall require that the provider agency address the  
21 recommendations made by the auditing agency, subject to  
22 exceptions as set by the authority.



1        (c) Failure to carry out the recommendations made by the  
2 auditing agency may be grounds for the authority to bar a  
3 provider agency from further contracts for programs authorized  
4 by this part until the barred provider has addressed all  
5 deficiencies.

6        **§ -112 Provider agency and donor cooperation are not in**  
7 **restraint of trade.** No provider agency or any other agency, or  
8 donor or donors, or method or act thereof that complies with  
9 this part, shall be deemed a conspiracy or combination in  
10 restraint of trade or an illegal monopoly, or an attempt to  
11 lessen competition or fix prices arbitrarily, or the creation of  
12 a combination or pool, or to accomplish any improper or illegal  
13 purpose. Any cooperation or agreement established pursuant to  
14 rule adopted pursuant to chapter 91, shall not be considered as  
15 illegal, in restraint of trade, or as part of a conspiracy or  
16 combination to accomplish an illegal purpose or act.

17        **§ -113 Construction of part.** If there is any conflict  
18 between this part and any other law, this part shall control.

19        **§ -114 Homeless shelter stipends.** (a) The stipend  
20 limits per "shelter unit of zero bedrooms" shall be adjusted by  
21 the authority each first day of July pursuant to standards  
22 established by rule adopted pursuant to chapter 91, which may



1 consider changes in the cost of operating homeless facilities,  
2 the fair market rents, the consumer price index, or other  
3 relevant factors. A "shelter unit of zero bedrooms" means a  
4 living unit which is a studio unit or a single-room occupancy  
5 unit. The homeless shelter stipend at transitional shelters for  
6 larger shelter unit sizes shall be related to the difference in  
7 unit size, pursuant to standards established by rule adopted  
8 pursuant to chapter 91.

9 (b) The authority may make or may contract to make  
10 homeless shelter stipend payments on behalf of one or more  
11 homeless families or individuals to a provider agency operating  
12 or managing an emergency or transitional shelter or, in the case  
13 that the authority itself operates and manages a homeless  
14 facility, to the authority in amounts and under circumstances as  
15 provided by rule adopted pursuant to chapter 91. The contract  
16 may specify a minimum total amount of homeless shelter stipends  
17 to be received by a provider agency for making its shelter and  
18 services available to eligible homeless families or individuals,  
19 as provided by rule adopted pursuant to chapter 91.

20 (c) In making homeless shelter stipend payments to a  
21 provider agency the authority may establish minimal services to  
22 be provided by the provider agency to homeless families or



1 individuals at the agency's shelter. The authority may also  
2 direct provider agencies to establish and manage a savings  
3 account program as described in subsection (d). Additionally,  
4 the authority may direct provider agencies to subcontract for  
5 outreach services from other private agencies specializing in  
6 programs for the unsheltered homeless.

7 (d) Provider agencies and the authority may establish and  
8 collect shelter and services payments from homeless families or  
9 individuals in addition to the amount received in homeless  
10 shelter stipend payments pursuant to rule. Provider agencies  
11 and the authority may also set aside a portion of the payments  
12 in a savings account to be made available to homeless families  
13 or individuals when these families and individuals vacate the  
14 shelter.

15 § -115 Additional powers. The powers conferred upon the  
16 authority by this part shall be in addition and supplemental to  
17 the powers conferred by any other law, and nothing in this part  
18 shall be construed as limiting any powers, rights, privileges,  
19 or immunities conferred upon the authority.

20 **B. Hale Kokua Program**

21 § -121 Findings and purpose. The legislature finds that  
22 the issue of homelessness should be regarded as one of the



1 State's most significant social problems. The severity of the  
2 problem is visible in every area of the State, and evidence that  
3 the problem is escalating is becoming more and more apparent.  
4 The problem of homelessness impacts everyone, and the burden of  
5 rectifying this problem should be approached comprehensively and  
6 as a collective responsibility.

7 The purpose of this subpart is to establish a homeless  
8 assistance program known as the "Hale Kokua" program which would  
9 authorize the payment of a state grant and a monthly rent  
10 supplement to any interested property owner who sets aside any  
11 existing rental space or undertakes the improvement or  
12 construction of any adjoining or separate dwelling unit for the  
13 purpose of renting the unit to any family or individual  
14 classified as employed but homeless under the program for a  
15 period of five years.

16 The program shall place a priority on assisting homeless  
17 families in the greatest need. To ensure that no particular  
18 district or community of the State is unduly burdened by the  
19 sudden influx of homeless families holding rental contracts with  
20 qualified homeowners under the program, the number of homeowners  
21 authorized to take part in the Hale Kokua program shall be  
22 limited to ten per census tract.



1       The Hale Kokua program shall assist homeless families and  
2 individuals who are willing to engage in self-improvement  
3 programs and regular employment with an alternative to living in  
4 homeless shelters where homeless families as well as the special  
5 needs homeless are indiscriminately grouped together.  
6 Developing the employment skills of participating tenants is an  
7 integral component of the program.

8       Accordingly, the program shall allow other available  
9 programs to focus more intently on the special needs of the  
10 homeless. The program also calls for the establishment of a  
11 cooperative effort between the State, the counties, and the  
12 federal government to provide the community and the Hale Kokua  
13 program with the resources and the incentives to eliminate the  
14 condition of homelessness. Since the Hale Kokua program  
15 involves the public and private sectors, the cost of  
16 implementing this program should be far less than the cost of  
17 building new homeless shelter facilities.

18       The program has the potential to drastically reduce the  
19 actual number of homeless families and individuals living in  
20 public areas, to ultimately provide full and free access to  
21 Hawaii's malls, streets, parks, and campgrounds. As a result,  
22 Hawaii's overall quality of life will be enriched and Hawaii's



1 reputation as one of the most beautiful visitor destinations  
2 will be enhanced.

3 § -122 Definitions. As used in this subpart, unless the  
4 context clearly requires otherwise:

5 "Employed but homeless" means any person that is homeless  
6 as defined in subpart A who is employed at a minimum of nineteen  
7 hours a week or participates in an employment training program  
8 and does volunteer work for a total of nineteen hours per week  
9 until employment can be found.

10 § -123 Hale Kokua program; established. There is  
11 established, within the Hawaii public housing authority, a  
12 homeless assistance program known as the "Hale Kokua" program,  
13 to provide incentives and assistance to private homeowners  
14 throughout the State who set aside existing dwelling units, or  
15 construct or renovate dwelling units, for rental for a period of  
16 five years by families or individuals classified as employed but  
17 homeless. The Hawaii public housing authority shall administer  
18 the Hale Kokua program and adopt the standards and framework  
19 necessary to implement the program statewide after the initial  
20 phase of the program.





1        § -124 Powers and duties. (a) The authority may  
2 contract with private services to carry out the duties and  
3 responsibilities of the program.

4        Notwithstanding any other law to the contrary, any  
5 contracts entered into by the authority with a private sector  
6 entity pursuant to this subsection shall not be subject to  
7 chapters 76 and 89.

8        (b) The duties of the authority or contracted agency shall  
9 include:

10        (1) Carrying out the requirements of the Hale Kokua  
11 program under this subpart;

12        (2) Developing and adopting the requirements, eligibility  
13 qualifications, registration, background check,  
14 initial screening procedures, and procedures for  
15 follow-up after placement to determine the ability to  
16 make rental payments and the need for social services  
17 and referrals for homeless families and individuals to  
18 qualify them as tenants under this program;

19        (3) Developing and adopting the requirements,  
20 qualifications, and the registration procedures for  
21 property owners who provide rental housing to  
22 qualified homeless tenants; provided that priority



1           shall be given to those not requesting construction  
2           grants;

3           (4) Developing appropriate procedures to address potential  
4           liabilities of the State; and adopting the procedures  
5           to place qualified homeless tenants with property  
6           owners participating in the program. Participating  
7           property owners shall interview and make final tenant  
8           selection from lists of prospective tenants compiled  
9           by the administrator or the contracted agency;

10          (5) Establishing the procedures and requirements for the  
11          disbursement of building improvement grants and rental  
12          subsidies and the amounts thereof to property owners  
13          participating in the program;

14          (6) Working with the counties to develop and propose  
15          uniform incentives to encourage and facilitate the  
16          participation of property owners, including real  
17          property tax waivers or reductions, and exemptions in  
18          zoning or building code requirements which shall be  
19          conditioned on participation in the program and which  
20          shall lapse when program participation ends;

21          (7) Monitoring the financial status and progress of  
22          homeless tenants and cooperating with other agencies



1 in establishing and coordinating job training, and  
2 other programs to help tenants to progress toward  
3 self- sufficiency;

4 (8) Promoting and assisting in the development of  
5 employer- employee relationships between homeless  
6 tenants and participating property owners, including  
7 but not limited to tenant caretaker, housekeeper, or  
8 groundskeeper employment situations;

9 (9) Working towards securing financial, in-kind, and  
10 administrative assistance from law enforcement and  
11 other state and county agencies and the private sector  
12 to implement the program;

13 (10) Working towards securing funding assistance from  
14 federal agencies and programs involved in housing  
15 development, job-training, or homeless assistance;

16 (11) Monitoring the progress of the Hale Kokua program, and  
17 collecting annual statistics showing the numbers of  
18 homeless people, homeless families, and homeless  
19 children, using appropriate measurement systems; and

20 (12) Preparing recommendations to improve and expand the  
21 program, including but not limited to incentives for



1 participating property owners to sign up for  
2 additional terms;  
3 provided that the authority shall adopt rules pursuant to  
4 chapter 91 to effectuate this section.

5 **§ -125 Homeowner participation; limitation; payments and**  
6 **assistance.** (a) The administrator shall limit the  
7 participation of not more than ten property owners within each  
8 census tract at any given period in time, without regard to the  
9 existence or operation of shelters and other facilities to aid  
10 the homeless in the tract. The authority or contracted agency  
11 shall notify prospective participants registered on the waiting  
12 list in each census tract of the opportunity to participate in  
13 the program as these opportunities may arise in each tract.

14 (b) Assistance to any qualified property owner providing  
15 rental housing to any homeless tenant under this subpart for a  
16 period of five years shall include, but not be limited to, at  
17 least one of the following:

18 (1) The payment of a state grant to offset the cost of  
19 renovating, building any adjoining addition, or  
20 constructing any separate structure upon the premises  
21 of the owner's property in preparation for its use as  
22 a homeless assistance unit under the program;



1       (2) The payment of a monthly state rent subsidy to  
2           supplement the monthly rental payments made by the  
3           homeless tenant;

4       (3) Real property tax rate waivers or reductions proposed  
5           by the administrator and approved by the council of  
6           the county in which the property is located;

7       (4) Zoning and building code exemptions applicable to the  
8           construction of adjoining or separate dwelling units  
9           on the owner's property, provided that the county, by  
10          ordinance, may establish minimum development and  
11          construction standards for these units and procedures  
12          for approval thereto; and

13       (5) Other incentives consistent with the purposes of this  
14          subpart to assist in the participation of property  
15          owners under the program.

16       **§ -126 Early withdrawal from program; recovery of grant.**

17       (a) Any property owner who withdraws without just cause from  
18       the Hale Kokua program prior to five years shall return the  
19       state grant for construction improvements within ninety days of  
20       the date of withdrawal. The authority shall effect the recovery  
21       of the grant, including but not limited to the filing of liens  
22       against the real property of withdrawing property owners. The



1 administrator shall be awarded reasonable attorneys' fees and  
2 costs as determined by the court in any action brought to  
3 enforce this subpart.

4 (b) The respective county government whose jurisdiction  
5 includes the site shall determine the disposition of the  
6 additional unit constructed with the grant.

7 § -127 Availability of funding. All rental subsidies,  
8 grants, and payments allocated by the Hale Kokua program under  
9 this subpart shall be subject to the availability of funds.

10 PART VII. STATE RENT SUPPLEMENT PROGRAM

11 § -131 Rent supplements. The authority is authorized to  
12 make, and contract to make, annual payments to a "housing owner"  
13 on behalf of a "qualified tenant", as those terms are defined in  
14 this subpart, in amounts and under circumstances as are  
15 prescribed in or pursuant to this subpart. No payment on behalf  
16 of a qualified tenant shall exceed a segregated amount of \$160 a  
17 month.

18 § -132 Housing owner defined. As used in this subpart,  
19 the term "housing owner" means:

20 (1) A private nonprofit corporation or other private  
21 nonprofit legal entity, a limited dividend corporation  
22 or other limited dividend legal entity, or a



1 cooperative housing corporation, that is a mortgagor  
2 under section 202, 207, 213, 221(d)(3), 221(d)(5), or  
3 231 of the National Housing Act, as amended, or that  
4 conforms to the standards of those sections but that  
5 is not a mortgagor under those sections or any other  
6 private mortgagor under the National Housing Act, as  
7 amended, for very low income, low-income, or moderate-  
8 income family housing, regulated or supervised under  
9 federal or state laws or by political subdivisions of  
10 the State, or agencies thereof, as to rents, charges,  
11 capital structure, rate of return, and methods of  
12 operation, from the time of issuance of the building  
13 permit for the project;

14 (2) Any other owner of a standard housing unit or units  
15 deemed qualified by the authority; and

16 (3) The authority.

17 **§ -133 Qualified tenant defined.** As used in this  
18 subpart, the term "qualified tenant" means any single person or  
19 family, pursuant to criteria and procedures established by the  
20 authority, that has been determined to have an income not  
21 exceeding the very low income limit as determined by the  
22 authority pursuant to rules adopted by the authority in



1 accordance with chapter 91; provided that the qualified tenant's  
2 primary place of residence shall be in the State or that the  
3 qualified tenant intends to make the State the qualified  
4 tenant's primary place of residence. The terms "qualified  
5 tenant" and "tenant" include a member of a cooperative who  
6 satisfies the foregoing requirements and who, upon resale of the  
7 member's membership to the cooperative, will not be reimbursed  
8 for more than fifty per cent of any equity increment accumulated  
9 through payments under this subpart. With respect to members of  
10 a cooperative, the terms "rental" and "rental charges" mean the  
11 charges under the occupancy agreements between the members and  
12 the cooperative. The term "qualified tenant" shall not include  
13 any person receiving money payments for public assistance from  
14 the department of human services; provided that the term "public  
15 assistance" shall exclude aid provided through the federal  
16 Supplemental Security Income Program.

17 § -134 Relationship of annual payment to rental and  
18 income. The amount of the annual payment with respect to any  
19 dwelling unit shall not exceed the amount by which the fair  
20 market rental for that unit exceeds thirty per cent of the  
21 tenant's income as determined by the authority pursuant to





1 procedures and regulations established pursuant to rule in  
2 accordance with chapter 91.

3       § -135 Determination of eligibility of occupants and  
4 rental charges. (a) For purposes of carrying out this subpart,  
5 the authority shall establish criteria and procedures for  
6 determining the eligibility of occupants and rental charges,  
7 including criteria and procedures with respect to periodic  
8 review of tenant incomes and periodic adjustment of rental  
9 charges. The authority shall issue, upon the request of a  
10 housing owner, certificates as to the income of the single  
11 persons and families applying for admission to, or residing in,  
12 dwellings of that owner.

13       (b) Procedures adopted by the authority hereunder shall  
14 provide for recertification of the incomes of occupants, except  
15 elders, at intervals of two years, or at shorter intervals, for  
16 the purpose of adjusting rental charges and annual payments on  
17 the basis of occupants' incomes, but in no event shall rental  
18 charges adjusted under this subpart for any dwelling exceed the  
19 fair market rental of the dwelling.

20       (c) No payments under this subpart may be made with  
21 respect to any property for which the costs of operation,  
22 including wages and salaries, are determined by the authority to



1 be greater than similar costs of operation of similar housing in  
2 the community where the property is situated.

3 § -136 Rules. The authority may adopt rules necessary  
4 to carry out the purpose of this subpart pursuant to chapter 91,  
5 including rules relating to determining preference among  
6 applicants for state rent supplements.

7 § -137 Additional powers. The powers conferred upon the  
8 authority by this subpart shall be in addition and supplemental  
9 to the powers conferred by any other law, and nothing herein  
10 shall be construed as limiting any powers, rights, privileges,  
11 or immunities so conferred.

12 **PART VIII. STATE SALES HOUSING PROGRAM**

13 § -141 State sales housing. Notwithstanding any law to  
14 the contrary, but subject to any resolution of issuance under  
15 subpart A, the authority may permit any member of a tenant  
16 family of a public housing project, or any individual meeting  
17 the income standards under section 221(d)(3) of the National  
18 Housing Act to enter into a contract for the acquisition of a  
19 dwelling unit and lot or the acquisition of a dwelling unit and  
20 the lease of its lot, the lease to conform to chapter 171 with  
21 the exception that the lease shall not require bid, auction, or  
22 negotiation, in any public housing project, state low income



1 housing project, or elderly housing project which is suitable  
2 for sale and for occupancy by the purchaser or a member or  
3 members of the purchaser's family, upon the following terms:

4 (1) The purchaser shall pay at least:

5 (A) A pro rata share cost of any services furnished  
6 to the purchaser by the authority, including but  
7 not limited to administration, maintenance,  
8 repairs, utilities, insurance, provision of  
9 reserves, and other expenses;

10 (B) Taxes on the purchaser's dwelling unit; and

11 (C) Monthly payments of interest and principal  
12 sufficient to amortize a sales price, equal to  
13 the greater of the unamortized debt or the  
14 appraised value (at the time the purchase  
15 contract is entered into) of the dwelling unit,  
16 in not more than forty years;

17 (2) The interest rate shall be fixed at not less than the  
18 average interest cost of loans outstanding on the  
19 project, except that in the case of a project on which  
20 bonds are not outstanding, the interest rate shall be  
21 fixed at not less than the going rate applicable to  
22 that project;



1       (3) The principal payments shall not be less than one-half  
2       of one per cent a year of the sales price during the  
3       first five years after purchase, one per cent a year  
4       during the next five years, one and one-half per cent  
5       a year during the third five years, and thereafter not  
6       less than the principal payments resulting from a  
7       level debt service of interest and principal over the  
8       balance of the payment period; and

9       (4) If at any time:

10       (A) A purchaser fails to carry out the purchaser's  
11       contract with the authority and if no member of  
12       the purchaser's family who resides in the  
13       dwelling assumes the contract; or

14       (B) The purchaser or a member of the purchaser's  
15       family who assumes the contract does not reside  
16       in the dwelling, the authority shall have an  
17       option to acquire the purchaser's interest under  
18       the contract upon payment to the purchaser or the  
19       purchaser's estate of an amount equal to the  
20       purchaser's aggregate principal payments plus the  
21       value to the authority of any improvements made





1 10-13.6, 36-24, 46-15.1, 53-17, 53-22(e), 111-8, 111-9, 171-2,  
2 171-18.5, 171-50.2, 206E-15, 209-16(a), 209-17, 237-29, [~~290-~~  
3 ~~1(e)~~], 519-2(b), and 519-3(b), Hawaii Revised Statutes, shall be  
4 amended to [~~"Hawaii housing finance and development~~  
5 ~~administration", "administration",~~] "Hawaii housing and finance  
6 development corporation", "corporation", or similar terms, as  
7 the case may be, as the context requires."

8 SECTION 5. Chapter 201G, parts I, III, and IV, Hawaii  
9 Revised Statutes, are repealed. Chapter 201G, part II, subparts  
10 A, B, E, F, and H, Hawaii Revised Statutes, are repealed.

11 PART IV

12 SECTION 6. The purpose of this part is to:

- 13 (1) Amend Act 196, Session Laws of Hawaii 2005 to transfer  
14 appropriate housing functions to the Hawaii housing  
15 finance and development corporation; and  
16 (2) Make additional technical and conforming amendments to  
17 ensure that references to chapter 201G throughout the  
18 Hawaii Revised Statutes are amended to the new chapter  
19 designated "Hawaii housing finance and development  
20 corporation".

21 SECTION 7. Act 196, Session Laws of Hawaii 2005, is  
22 amended by amending sections 21, 22, 23, 24, and 25 by



1 substituting the words "Hawaii housing finance and development  
2 corporation", or like term, wherever the words "Hawaii housing  
3 finance and development administration", or like term, appears,  
4 as the context requires.

5 SECTION 8. Section 46-15.1, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7 "(a) Any law to the contrary notwithstanding, any county  
8 shall have and may exercise the same powers, subject to  
9 applicable limitations, as those granted the Hawaii housing  
10 finance and development [~~administration~~] corporation pursuant to  
11 chapter [~~201G~~] \_\_\_\_\_ insofar as such powers may be reasonably  
12 construed to be exercisable by a county for the purpose of  
13 developing, constructing, and providing low and moderate income  
14 housing; provided that no county shall be empowered to cause the  
15 State to issue general obligation bonds to finance a project  
16 pursuant to this section; provided further that county projects  
17 shall be granted an exemption from general excise or receipts  
18 taxes in the same manner as projects of the Hawaii housing  
19 finance and development [~~administration~~] corporation pursuant to  
20 section [~~+201G-116+;~~] -36; and provided further that the  
21 provisions of section [~~201G-15~~] -16 shall not apply to this  
22 section unless federal guidelines specifically provide local



1 governments with that authorization and the authorization does  
2 not conflict with any state laws. The powers shall include the  
3 power, subject to applicable limitations, to:

4 (1) Develop and construct dwelling units, alone or in  
5 partnership with developers;

6 (2) Acquire necessary land by lease, purchase, exchange,  
7 or eminent domain;

8 (3) Provide assistance and aid to a public agency or  
9 person in developing and constructing new housing and  
10 rehabilitating old housing for elders of low and  
11 moderate income, other persons of low and moderate  
12 income, and persons displaced by any governmental  
13 action, by making long-term mortgage or interim  
14 construction loans available;

15 (4) Contract with any eligible bidders to provide for  
16 construction of urgently needed housing for persons of  
17 low and moderate income;

18 (5) Guarantee the top twenty-five per cent of the  
19 principal balance of real property mortgage loans,  
20 plus interest thereon, made to qualified borrowers by  
21 qualified lenders;





1           (6) Enter into mortgage guarantee agreements with  
2           appropriate officials of any agency or instrumentality  
3           of the United States in order to induce those  
4           officials to commit to insure or insure mortgages  
5           under the provisions of the National Housing Act, as  
6           amended;

7           (7) Make a direct loan to any qualified buyer for the  
8           downpayment required by a private lender to be made by  
9           the borrower as a condition of obtaining a loan from  
10          the private lender in the purchase of residential  
11          property;

12          (8) Provide funds for a share, not to exceed fifty per  
13          cent of the principal amount of a loan made to a  
14          qualified borrower by a private lender who is unable  
15          otherwise to lend the borrower sufficient funds at  
16          reasonable rates in the purchase of residential  
17          property; and

18          (9) Sell or lease completed dwelling units.

19          For purposes of this section, a limitation is applicable to  
20          the extent that it may reasonably be construed to apply to a  
21          county."



1 SECTION 9. Section 53-1, Hawaii Revised Statutes, is  
2 amended by amending the definition of "Housing and community  
3 development corporation of Hawaii", "corporation", "government",  
4 "federal government", and "real property" to read as follows:

5 "Hawaii housing finance and development corporation",  
6 "corporation", "government", "federal government", and "real  
7 property" have the respective meanings set forth for these terms  
8 in chapter [~~201G~~] \_\_\_\_\_."

9 SECTION 10. Section 53-17, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "**§53-17 Bonds of agency to be legal investments.** Bonds  
12 issued by a redevelopment agency in connection with one or more  
13 redevelopment plans or redevelopment projects pursuant to this  
14 part shall be legal investments and security for public deposits  
15 to the same extent and for the same public officers and bodies,  
16 political subdivisions, persons, companies, corporations,  
17 associations, banks, institutions, and fiduciaries as bonds or  
18 obligations issued by the Hawaii housing finance and development  
19 [~~administration~~] corporation under chapter [~~201G~~] \_\_\_\_\_ in  
20 connection with slum clearance and housing projects."

21 SECTION 11. Section 171-18.5, Hawaii Revised Statutes, is  
22 amended by amending subsection (a) to read as follows:



1           "(a) This section applies to the amount to which the  
2 department of Hawaiian home lands is entitled pursuant to  
3 Article XII, Section 1 of the State Constitution from land  
4 previously cultivated as sugarcane land under any provision of  
5 law which is conveyed by the department to the Hawaii housing  
6 finance and development [~~administration~~] corporation for the  
7 development of "housing projects" as defined under section  
8 [~~201G-1-~~] -1. The amount to which the department of Hawaiian  
9 home lands is entitled shall be determined by multiplying the  
10 fair market value of the land by thirty per cent. For the  
11 purpose of this section, "fair market value" means the amount of  
12 money which a purchaser willing but not obliged to buy the land  
13 would pay to an owner willing but not obliged to sell it, taking  
14 into consideration the highest and best use of the land. For  
15 the purpose of this section, "highest and best use" means the  
16 most profitable, probable, and legal use to which the land can  
17 be put."

18           SECTION 12. Section 237-29, Hawaii Revised Statutes, is  
19 amended by amending subsection (a) to read as follows:

20           "(a) All gross income received by any qualified person or  
21 firm for the planning, design, financing, construction, sale, or  
22 lease in the State of a housing project which has been certified



1 or approved under section [~~201G-116~~]       -36       shall be exempt from  
2 general excise taxes."

3 SECTION 13. Section 247-3, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§247-3 Exemptions.** The tax imposed by section 247-1  
6 shall not apply to:

- 7 (1) Any document or instrument that is executed prior to  
8 January 1, 1967;
- 9 (2) Any document or instrument that is given to secure a  
10 debt or obligation;
- 11 (3) Any document or instrument that only confirms or  
12 corrects a deed, lease, sublease, assignment,  
13 transfer, or conveyance previously recorded or filed;
- 14 (4) Any document or instrument between husband and wife,  
15 reciprocal beneficiaries, or parent and child, in  
16 which only a nominal consideration is paid;
- 17 (5) Any document or instrument in which there is a  
18 consideration of \$100 or less paid or to be paid;
- 19 (6) Any document or instrument conveying real property  
20 that is executed pursuant to an agreement of sale, and  
21 where applicable, any assignment of the agreement of  
22 sale, or assignments thereof; provided that the taxes



- 1 under this chapter have been fully paid upon the  
2 agreement of sale, and where applicable, upon such  
3 assignment or assignments of agreements of sale;
- 4 (7) Any deed, lease, sublease, assignment of lease,  
5 agreement of sale, assignment of agreement of sale,  
6 instrument or writing in which the United States or  
7 any agency or instrumentality thereof or the State or  
8 any agency, instrumentality, or governmental or  
9 political subdivision thereof are the only parties  
10 thereto;
- 11 (8) Any document or instrument executed pursuant to a tax  
12 sale conducted by the United States or any agency or  
13 instrumentality thereof or the State or any agency,  
14 instrumentality, or governmental or political  
15 subdivision thereof for delinquent taxes or  
16 assessments;
- 17 (9) Any document or instrument conveying real property to  
18 the United States or any agency or instrumentality  
19 thereof or the State or any agency, instrumentality,  
20 or governmental or political subdivision thereof  
21 pursuant to the threat of the exercise or the exercise  
22 of the power of eminent domain;



- 1 (10) Any document or instrument that solely conveys or  
2 grants an easement or easements;
- 3 (11) Any document or instrument whereby owners partition  
4 their property, whether by mutual agreement or  
5 judicial action; provided that the value of each  
6 owner's interest in the property after partition is  
7 equal in value to that owner's interest before  
8 partition;
- 9 (12) Any document or instrument between marital partners or  
10 reciprocal beneficiaries who are parties to a divorce  
11 action or termination of reciprocal beneficiary  
12 relationship that is executed pursuant to an order of  
13 the court in the divorce action or termination of  
14 reciprocal beneficiary relationship;
- 15 (13) Any document or instrument conveying real property  
16 from a testamentary trust to a beneficiary under the  
17 trust;
- 18 (14) Any document or instrument conveying real property  
19 from a grantor to the grantor's revocable living  
20 trust, or from a grantor's revocable living trust to  
21 the grantor as beneficiary of the trust;



- 1       (15) Any document or instrument conveying real property, or  
2       any interest therein, from an entity that is a party  
3       to a merger or consolidation under chapter 414, 414D,  
4       415A, 421, 421C, 425, 425E, or 428 to the surviving or  
5       new entity;
- 6       (16) Any document or instrument conveying real property, or  
7       any interest therein, from a dissolving limited  
8       partnership to its corporate general partner that  
9       owns, directly or indirectly, at least a ninety per  
10      cent interest in the partnership, determined by  
11      applying section 318 (with respect to constructive  
12      ownership of stock) of the federal Internal Revenue  
13      Code of 1986, as amended, to the constructive  
14      ownership of interests in the partnership; and
- 15      (17) Any document or instrument conveying real property to  
16      any nonprofit or for-profit organization that has been  
17      certified by the [~~housing and community development~~  
18      ~~corporation of Hawaii~~] Hawaii housing finance and  
19      development corporation for low-income housing  
20      development."



1 PART V

2 SECTION 14. The purpose of this part is to make additional  
3 technical and conforming amendments to ensure that references to  
4 chapter 201G throughout the Hawaii Revised Statutes are amended  
5 to the new chapter designated "Hawaii public housing authority".

6 SECTION 15. Section 521-7, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "**§521-7 Exclusions from application of chapter.** Unless  
9 created solely to avoid the application of this chapter, this  
10 chapter shall not apply to:

- 11 (1) Residence at an institution, whether public or  
12 private, where residence is merely incidental to  
13 detention or the provision of medical, geriatric,  
14 educational, religious, or similar services;
- 15 (2) Residence in a structure directly controlled and  
16 managed by the University of Hawaii for housing  
17 students or faculty of the University of Hawaii or  
18 residence in a structure erected on land leased from  
19 the University of Hawaii by a nonprofit corporation  
20 for the exclusive purpose of housing students or  
21 faculty of the University of Hawaii;





- 1           (3) Occupancy under a bona fide contract of sale of the  
2           dwelling unit or the property of which it is a part  
3           where the tenant is, or succeeds to the interest of,  
4           the purchaser;
- 5           (4) Residence by a member of a fraternal organization in a  
6           structure operated without profit for the benefit of  
7           the organization;
- 8           (5) Transient occupancy on a day-to-day basis in a hotel  
9           or motel;
- 10          (6) Occupancy by an employee of the owner or landlord  
11          whose right to occupancy is conditional upon such  
12          employment or by a pensioner of the owner or landlord  
13          or occupancy for a period of up to four years  
14          subsequent thereto, pursuant to a plan for the  
15          transfer of the dwelling unit or the property of which  
16          it is a part to the occupant;
- 17          (7) A lease of improved residential land for a term of  
18          fifteen years or more, measured from the date of the  
19          commencement of the lease;
- 20          (8) Occupancy by the prospective purchaser after an  
21          accepted offer to purchase and prior to the actual  
22          transfer of the owner's rights;



- 1 (9) Occupancy in a homeless facility, or any other program  
2 for the homeless authorized under chapter [~~201G, part~~  
3 ~~IV~~] \_\_\_\_\_, part VI;
- 4 (10) Residence or occupancy in a public housing complex or  
5 shelter directly controlled, owned, or managed by the  
6 Hawaii housing finance and development  
7 [~~administration~~] corporation; or
- 8 (11) Residence or occupancy in a transitional facility for  
9 abused family or household members."

10 PART VI

11 SECTION 16. There is appropriated out of the general fund  
12 of the State of Hawaii the sum of \$708,300, or so much thereof  
13 as may be necessary for fiscal year 2006-2007, to be expended to  
14 purchase a computer network, printers, and faxes for the Hawaii  
15 housing finance and development corporation.

16 The sum appropriated shall be expended by the Hawaii  
17 housing finance and development corporation for the purposes of  
18 this Act.

19 SECTION 17. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$ \_\_\_\_\_, or so  
21 much thereof as may be necessary for fiscal year 2006-2007, for  
22 the Hawaii housing finance and development corporation.



1           The sum appropriated shall be expended by the Hawaii  
2 housing finance and development corporation.

3           SECTION 18. There is appropriated out of the special funds  
4 the sum of \$366,303, or so much thereof as may be necessary for  
5 fiscal year 2006-2007, as follows:

6           (1) One full-time equivalent (1.00 FTE) executive director  
7           position;

8           (2) One full-time equivalent (1.00 FTE) executive  
9           assistant position;

10          (3) One full-time equivalent (1.00 FTE) secretary II  
11          position;

12          (4) One full-time equivalent (1.00 FTE) clerk III  
13          position;

14          (5) One full-time equivalent (1.00 FTE) account clerk V  
15          position; and

16          (6) One full-time equivalent (1.00 FTE) secretary III  
17          position.

18          The sum appropriated shall be expended by the Hawaii  
19 housing finance and development corporation for the purposes of  
20 this Act.



1 PART VII

2 SECTION 19. There is appropriated out of the general  
3 obligation bond fund the sum of \$1,800,000, or so much thereof  
4 as may be necessary for fiscal year 2006-2007, to be expended on  
5 renovations to the Hawaii public housing authority's School  
6 Street office.

7 The sum appropriated shall be expended by the Hawaii public  
8 housing authority for the purposes of this Act.

9 SECTION 20. There is appropriated out of federal funds the  
10 sum of \$99,427, or so much thereof as may be necessary for  
11 fiscal year 2006-2007, as follows:

12 (1) One full-time equivalent (1.00 FTE) clerk typist II  
13 position;

14 (2) One full-time equivalent (1.00 FTE) account clerk III  
15 position;

16 (3) One full-time equivalent (1.00 FTE) clerk typist III  
17 position;

18 The sum appropriated shall be expended by the Hawaii public  
19 housing authority for the purposes of this Act.

20 PART VIII

21 SECTION 21. All rental agreements made by the housing and  
22 community development corporation of Hawaii prior to July 1,



1 2006 that are made applicable to the Hawaii public housing  
2 authority by this Act shall remain in full force and effect  
3 until the completion of their lease terms.

4 SECTION 22. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 23. This Act shall take effect on July 1, 2006.

7

INTRODUCED BY: \_\_\_\_\_

