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## A BILL FOR AN ACT

RELATING TO INTEREST.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 478, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§478-A   Pre-paid interest on residential mortgages;  
5 limit.       (a) Notwithstanding any law to the contrary, no  
6 lender shall charge pre-paid interest, as a part of a mortgage,  
7 of an amount greater than two per cent of the purchase price of  
8 a residence. The purchase price shall exclude all fees as may  
9 be charged by the lender or escrow.

10           (b) For purposes of this section, "mortgage" means every  
11 transfer of an interest in real property, except fixtures, made  
12 as security for the performance of another act or subject to  
13 defeasance upon the payment of an obligation, whether the  
14 transfer is made in trust or otherwise."

15           SECTION 2. New statutory material is underscored.

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

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INTRODUCED BY:

*[Signature]*

*Guthrie Thelen*

~~*[Signature]*~~

*Della A. Belatti*

*John M. Pappas*  
*Maui Zobe*

*Barbara Mammato*

JAN 27 2009



**Report Title:**

Interest

**Description:**

Limits the amount of pre-paid interest that may be charged by a lender for a residential mortgage.

