

JAN 20 2010

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# A BILL FOR AN ACT

RELATING TO RESIDENTIAL REAL PROPERTY.

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

1           SECTION 1. Chapter 412, article 5, Hawaii Revised  
2 Statutes, is amended by adding a new section to part III to be  
3 appropriately designated and to read as follows:

4           "§412:5- Federal mortgage credit certificate program.

5           (a) Any bank that is a participating lender in the federal  
6 mortgage credit certificate program authorized under the  
7 Internal Revenue Code, 26 U.S.C. section 25, shall inform all  
8 prospective borrowers of the existence of and eligibility  
9 criteria for the federal mortgage credit certificate program at  
10 the time of application for a residential mortgage loan.

11           (b) Notice required under subsection (a) shall be provided  
12 in writing through physical or electronic means and shall  
13 include the following information:

14           (1) A description of the mortgage credit certificate  
15 program;

16           (2) The terms of a mortgage credit certificate;

17           (3) Eligibility criteria for a mortgage credit certificate  
18 including income and purchase price requirements;



- 1        (4) A statement regarding the effect of refinancing on a
- 2                    mortgage credit certificate;
- 3        (5) A list of participating lenders in the mortgage credit
- 4                    certificate program; and
- 5        (6) The name of and contact information for the state
- 6                    agency authorized to administer federal programs that
- 7                    are designated by the federal government to be carried
- 8                    out by a housing finance or housing development
- 9                    entity."

10            SECTION 2. Chapter 412, article 6, Hawaii Revised  
11 Statutes, is amended by adding a new section to part III to be  
12 appropriately designated and to read as follows:

13            **"§412:6- Federal mortgage credit certificate program.**

14        (a) Any savings bank that is a participating lender in the  
15        federal mortgage credit certificate program authorized under the  
16        Internal Revenue Code, 26 U.S.C. section 25, shall inform all  
17        prospective borrowers of the existence of and eligibility  
18        criteria for the federal mortgage credit certificate program at  
19        the time of application for a residential mortgage loan.

20        (b) Notice required under subsection (a) shall be provided  
21        in writing through physical or electronic means and shall  
22        include the following information:



- 1        (1) A description of the mortgage credit certificate  
2                    program;
- 3        (2) The terms of a mortgage credit certificate;
- 4        (3) Eligibility criteria for a mortgage credit certificate  
5                    including income and purchase price requirements;
- 6        (4) A statement regarding the effect of refinancing on a  
7                    mortgage credit certificate;
- 8        (5) A list of participating lenders in the mortgage credit  
9                    certificate program; and
- 10       (6) The name of and contact information for the state  
11                   agency authorized to administer federal programs that  
12                   are designated by the federal government to be carried  
13                   out by a housing finance or housing development  
14                   entity."

15       SECTION 3. Chapter 412, article 7, Hawaii Revised  
16 Statutes, is amended by adding a new section to part III to be  
17 appropriately designated and to read as follows:

18        **"§412:7- Federal mortgage credit certificate program.**

- 19       (a) Any savings and loan association that is a participating  
20                   lender in the federal mortgage credit certificate program  
21                   authorized under the Internal Revenue Code, 26 U.S.C. section  
22                   25, shall inform all prospective borrowers of the existence of



1 and eligibility criteria for the federal mortgage credit  
2 certificate program at the time of application for a residential  
3 mortgage loan.

4 (b) Notice required under subsection (a) shall be provided  
5 in writing through physical or electronic means and shall  
6 include the following information:

7 (1) A description of the mortgage credit certificate  
8 program;

9 (2) The terms of a mortgage credit certificate;

10 (3) Eligibility criteria for a mortgage credit certificate  
11 including income and purchase price requirements;

12 (4) A statement regarding the effect of refinancing on a  
13 mortgage credit certificate;

14 (5) A list of participating lenders in the mortgage credit  
15 certificate program; and

16 (6) The name of and contact information for the state  
17 agency authorized to administer federal programs that  
18 are designated by the federal government to be carried  
19 out by a housing finance or housing development  
20 entity."



1 SECTION 4. Chapter 412, article 9, Hawaii Revised  
2 Statutes, is amended by adding a new section to part IV to be  
3 appropriately designated and to read as follows:

4 "§412:9- Federal mortgage credit certificate program.

5 (a) Any financial services loan company that is a participating  
6 lender in the federal mortgage credit certificate program  
7 authorized under the Internal Revenue Code, 26 U.S.C. section  
8 25, shall inform all prospective borrowers of the existence of  
9 and eligibility criteria for the federal mortgage credit  
10 certificate program at the time of application for a residential  
11 mortgage loan.

12 (b) Notice required under subsection (a) shall be provided  
13 in writing through physical or electronic means and shall  
14 include the following information:

- 15 (1) A description of the mortgage credit certificate  
16 program;  
17 (2) The terms of a mortgage credit certificate;  
18 (3) Eligibility criteria for a mortgage credit certificate  
19 including income and purchase price requirements;  
20 (4) A statement regarding the effect of refinancing on a  
21 mortgage credit certificate;



- 1       (5) A list of participating lenders in the mortgage credit  
2       certificate program; and
- 3       (6) The name of and contact information for the state  
4       agency authorized to administer federal programs that  
5       are designated by the federal government to be carried  
6       out by a housing finance or housing development  
7       entity."

8           SECTION 5. Chapter 419, article 10, Hawaii Revised  
9 Statutes, is amended by adding a new section to part IV to be  
10 appropriately designated and to read as follows:

11       "§412:10- Federal mortgage credit certificate program.

12       (a) Any credit union that is a participating lender in the  
13       federal mortgage credit certificate program authorized under the  
14       Internal Revenue Code, 26 U.S.C. section 25, shall inform all  
15       prospective borrowers of the existence of and eligibility  
16       criteria for the federal mortgage credit certificate program at  
17       the time of application for a residential mortgage loan.

18       (b) Notice required under subsection (a) shall be provided  
19       in writing through physical or electronic means and shall  
20       include the following information:

21       (1) A description of the mortgage credit certificate  
22       program;



- 1        (2) The terms of a mortgage credit certificate;  
2        (3) Eligibility criteria for a mortgage credit certificate  
3        including income and purchase price requirements;  
4        (4) A statement regarding the effect of refinancing on a  
5        mortgage credit certificate;  
6        (5) A list of participating lenders in the mortgage credit  
7        certificate program; and  
8        (6) The name of and contact information for the state  
9        agency authorized to administer federal programs that  
10       are designated by the federal government to be carried  
11       out by a housing finance or housing development  
12       entity."

13       SECTION 6. New statutory material is underscored.

14       SECTION 7. This Act shall take effect on July 1, 2010.

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INTRODUCED BY: *Rosalyn H Baker*  
*By Request*



**Report Title:**

Residential Mortgage Loans; Mortgage Credit Certificate

**Description:**

Requires participating lenders in the federal mortgage credit certificate program to notify prospective borrowers of the existence of and criteria for mortgage credit certificates. Specifies contents of required notice.

