
A BILL FOR AN ACT

RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920, AS AMENDED.

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

1 SECTION 1. Section 214, Hawaiian Homes Commission Act,
2 1920, as amended, is amended by amending subsection (b) to read
3 as follows:

4 "(b) In addition the department may:

5 (1) Use moneys in the Hawaiian home operating fund, with
6 the prior approval of the governor, to match federal,
7 state, or county funds available for the same purposes
8 and to that end, enter into [~~such~~] an undertaking,
9 agree to [~~such~~] conditions, transfer funds therein
10 available for [~~such~~] expenditure, and do and perform
11 [~~such~~] other acts and things, as may be necessary or
12 required, as a condition to securing matching funds
13 for [~~such~~] the department's projects or works;

14 (2) Loan or guarantee the repayment of or otherwise
15 underwrite any authorized loan or portion thereof to
16 lessees in accordance with section 215;

17 (3) Loan or guarantee the repayment of or otherwise
18 underwrite any authorized loan or portion thereof to a



1 cooperative association in accordance with section
2 215;

3 (4) Permit and approve loans made to lessees by government
4 agencies or private lending institutions, where the
5 department assures the payment of [~~such~~] these loans;
6 provided that upon receipt of notice of default in the
7 payment of [~~such~~] the assured loans, the department
8 may, upon failure of the lessee to cure the default
9 within sixty days, cancel the lease and pay the
10 outstanding balance in full or may permit the new
11 lessee to assume the outstanding debt; and provided
12 further that the department shall reserve the
13 following rights: the right of succession to the
14 lessee's interest and assumption of the contract of
15 loan; the right to require that written notice be
16 given to the department immediately upon default or
17 delinquency of the lessee; and any other rights
18 enumerated at the time of assurance necessary to
19 protect the monetary and other interests of the
20 department;

21 (5) Secure, pledge, or otherwise guarantee the repayment
22 of moneys borrowed by the department from government



1 agencies or private lending institutions and pay the
2 interim interest or advances required for loans;
3 provided that the State's liability, contingent or
4 otherwise, either on moneys borrowed by the department
5 or on departmental guarantees of loans made to lessees
6 under this paragraph and paragraphs (2), (3), and (4)
7 of this subsection, shall at no time exceed
8 [~~\$50,000,000~~] \$ _____; the department's guarantee
9 of repayment shall be adequate security for a loan
10 under any state law prescribing the nature, amount, or
11 form of security or requiring security upon which
12 loans may be made;

- 13 (6) Use available loan fund moneys or other funds
14 specifically available for [~~such~~] guarantee purposes
15 as cash guarantees when required by lending agencies;
- 16 (7) Exercise the functions and reserved rights of a lender
17 of money or mortgagee of residential property in all
18 direct loans made by government agencies or by private
19 lending institutions to lessees the repayment of which
20 is assured by the department. The functions and
21 reserved rights shall include but not be limited to,
22 the purchasing, repurchasing, servicing, selling,



1 foreclosing, buying upon foreclosure, guaranteeing the
2 repayment, or otherwise underwriting, of any loan, the
3 protecting of security interest, and after
4 foreclosures, the repairing, renovating, or
5 modernization and sale of property covered by the loan
6 and mortgage;

- 7 (8) Pledge receivables of loan accounts outstanding as
8 collateral to secure loans made by government agencies
9 or private lending institutions to the department, the
10 proceeds of which shall be used by the department to
11 make new loans to lessees or to finance the
12 development of available lands for purposes permitted
13 by this Act; provided that any loan agreement entered
14 into under this paragraph by the department shall
15 include a provision that the money borrowed by the
16 department is not secured directly or indirectly by
17 the full faith and credit or the general credit of the
18 State or by any revenues or taxes of the State other
19 than the receivables specifically pledged to repay the
20 loan; provided further that in making loans or
21 developing available lands out of money borrowed under
22 this paragraph, the department may establish, revise,



1 charge, and collect fees, premiums, and charges as
2 necessary, reasonable, or convenient, to assure
3 repayment of the funds borrowed, and the fees,
4 premiums, and charges shall be deposited into the
5 Hawaiian home trust fund; and provided further that no
6 moneys of the Hawaiian home loan fund may be pledged
7 as security under this paragraph; and

8 (9) Notwithstanding any other provisions of this Act to
9 the contrary, transfer into the Hawaiian home trust
10 fund any available and unpledged moneys from any loan
11 funds, the Hawaiian loan guarantee fund, or any fund
12 or account succeeding thereto, except the Hawaiian
13 home loan fund, for use as cash guarantees or reserves
14 when required by a federal agency authorized to insure
15 or guarantee loans to lessees."

16 SECTION 2. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act shall take effect on July 1, 2011.



Report Title:

Loans made to Hawaiian Home Lands Lessees

Description:

Increases the limit the department is currently authorized to borrow or guarantee on loans from \$50,000,000 to an unspecified amount to cover the department's guarantee requirements for its housing program. Effective July 1, 2011. (SB1290 HD1)

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