

JAN 18 2013

A BILL FOR AN ACT

RELATING TO MORTGAGES.

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

1 SECTION 1. Chapter 207, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 **"PART . LOCATION EFFICIENT MORTGAGE LOANS"**

5 **§207-A Definitions.** As used in this part, the following
6 terms shall mean as follows:

7 "Director" means director of finance.

8 "Location efficient mortgage loan" or "mortgage loan" means
9 a mortgage loan whose amount is increased to reflect the
10 decrease in transportation costs experienced by a mortgagee who
11 purchases residential premises in an urban district.

12 "Urban district" means a land use district classified as an
13 urban district by the land use commission.

14 **§207-B Authorization for location efficient mortgage**
15 **loans.** The director may provide location efficient mortgage
16 loans to persons purchasing residential premises in urban
17 districts for their personal residential needs.



1 **§207-C Qualifications for a mortgage loan.** To qualify for
2 a mortgage loan under this part an applicant must:

- 3 (1) Be of legal age;
- 4 (2) Be a resident of the State for not less than one year
5 immediately preceding the application for the mortgage
6 loan;
- 7 (3) Be a purchaser of residential premises located in an
8 urban district; and
- 9 (4) Have such other qualifications as may be established
10 by the director.

11 **§207-D Purpose for and terms of mortgage loans.** (a)
12 Mortgage loans made pursuant to this part may be granted only
13 for the purchase of residential premises located in an urban
14 district.

- 15 (b) By rule, the director shall establish:
- 16 (1) The amount by which the mortgage loan amount may be
17 increased to reflect the transportation cost savings
18 incurred by purchasing a residential premise in an
19 urban district rather than in a non-urban district;
20 and
- 21 (2) The interest rate on the mortgage loan.



1 The director may authorize repayment upon such terms as the
2 director deems appropriate but in no case shall the payments
3 extend beyond forty years.

4 **§207-E Contract with lending institution.** The director
5 may, and as far as practicable shall, contract with lending
6 institutions for the processing of applications for the mortgage
7 loans and the servicing of these mortgage loans. In furtherance
8 of the purposes of this part, the contract may provide for the
9 mortgage loan to be repaid after the funds of the lending
10 institution are repaid in full and for payment to lending
11 institutions for servicing the State's portion of the total
12 mortgage loan and may include other terms deemed appropriate by
13 the director.

14 **§207-F Rules.** The director may adopt, amend, or repeal
15 rules governing the granting of mortgage loans and other related
16 functions as the director considers necessary or suitable. The
17 rules, when approved by the governor and made in accordance with
18 chapter 91, shall have the force and effect of law.

19 **§207-G Bond authorization.** With the approval of the
20 governor, the director may issue from time to time general
21 obligation bonds pursuant to chapter 39, part I, not exceeding



S.B. NO. 214

1 § for the granting of mortgage loans pursuant to the
2 purposes of this part."

3 SECTION 2. This Act shall take effect upon its approval.

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S.B. NO. 214

Report Title:

Location Efficient Mortgages; Urban Districts

Description:

Authorizes the director of finance to provide location efficient mortgage loans to purchasers of residential premises in urban districts.

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