
A BILL FOR AN ACT

RELATING TO MORTGAGES.

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

1 SECTION 1. Chapter 201H, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and

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

4 **§201H- Definitions.** As used in this part, the following
5 terms shall mean as follows:

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

10 "Urban district" means a land use district classified as an
11 urban district by the land use commission.

12 **§201H- Authorization for location efficient mortgage**
13 **loans.** The corporation may provide location efficient mortgage
14 loans to persons purchasing residential premises in urban
15 districts for their personal residential needs.

16 **§201H- Qualifications for a mortgage loan.** To qualify
17 for a mortgage loan under this part an applicant shall:

18 (1) Be of legal age;



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

8 **§201H- Purpose for and terms of mortgage loans. (a)**

9 Mortgage loans made pursuant to this part may be granted only
10 for the purchase of residential premises located in an urban
11 district.

12 (b) By rule, the corporation shall establish:

- 13 (1) The amount by which the mortgage loan amount may be
- 14 increased to reflect the transportation cost savings
- 15 incurred by purchasing a residential premise in an
- 16 urban district rather than in a non-urban district;
- 17 and

18 (2) The interest rate on the mortgage loan.

19 The corporation may authorize repayment upon such terms as the
20 corporation deems appropriate but in no case shall the payments
21 extend beyond forty years.



1 **§201H- Contract with lending institution.** The
2 corporation may, and as far as practicable shall, contract with
3 lending institutions for the processing of applications for the
4 mortgage loans and the servicing of these mortgage loans. In
5 furtherance of the purposes of this part, the contract may
6 provide for the mortgage loan to be repaid after the funds of
7 the lending institution are repaid in full and for payment to
8 lending institutions for servicing the State's portion of the
9 total mortgage loan and may include other terms deemed
10 appropriate by the corporation.

11 **§201H- Rules.** The corporation may adopt, amend, or
12 repeal rules governing the granting of mortgage loans and other
13 related functions as the corporation considers necessary or
14 suitable. The rules, when approved by the governor and made in
15 accordance with chapter 91, shall have the force and effect of
16 law.

17 **§201H- Bond authorization.** With the approval of the
18 governor, the corporation may issue from time to time general
19 obligation bonds pursuant to chapter 39, part I, not exceeding
20 \$ for the granting of mortgage loans pursuant to the
21 purposes of this part."

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



Report Title:

Location Efficient Mortgages; Urban Districts

Description:

Authorizes the Hawaii housing finance and development corporation to provide location efficient mortgage loans to purchasers of residential premises in urban districts. (SD1)

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