

JAN 20 2017

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# A BILL FOR AN ACT

RELATING TO MORTGAGES.

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

1           SECTION 1. The legislature finds that the Hawaii housing  
2 finance and development corporation is tasked with developing  
3 and financing low- and moderate-income housing projects and  
4 administering homeownership programs. One function of the  
5 Hawaii housing finance and development corporation is providing  
6 mortgages for affordable housing units to qualifying residents.

7           The legislature further finds that affordable units priced  
8 between \$350,000 and \$600,000 might still be unaffordable to  
9 first-time buyers without the financial assistance of family and  
10 friends. The legislature additionally finds that the "family"  
11 of Hawaii's residents frequently extends to cousins, uncles,  
12 aunties, step-parents, and "hanai" family members who may not be  
13 considered family under the definition used by the Hawaii  
14 housing finance and development corporation, but who have the  
15 financial capacity and the willingness to assist buyers with the  
16 down payment or the qualification for a mortgage.

17           The purpose of this Act is to:



- 1 (1) Remove the requirement that a co-mortgagor assisting a
- 2 qualified resident in securing a mortgage to purchase
- 3 a dwelling unit from the Hawaii housing finance and
- 4 development corporation be a family member; and
- 5 (2) Require a qualified resident who is assisted by a co-
- 6 mortgager to have an income of at least fifty per cent
- 7 of the amount required to qualify for a loan to
- 8 purchase the dwelling unit.

9 SECTION 2. Section 201H-46, Hawaii Revised Statutes, is  
 10 amended to read as follows:

11 "[+]§201H-46[+] **Co-mortgagor.** For purposes of qualifying  
 12 for a mortgage loan to finance the purchase of a dwelling unit  
 13 under this part, a "qualified resident" as defined in section  
 14 201H-32 may be assisted by a co-mortgagor [~~who is a family~~  
 15 ~~member as defined by the corporation,~~] who may own other lands  
 16 in fee simple or leasehold suitable for dwelling purposes, whose  
 17 interest in the dwelling unit to be purchased is limited to no  
 18 more than one per cent, and who certifies that the co-mortgagor  
 19 does not intend to reside in the dwelling unit[-]; provided that  
 20 a qualified resident who is assisted by a co-mortgagor shall  
 21 have an income of at least fifty per cent of the amount required



1 to qualify for a loan to purchase the dwelling unit. The income  
2 and assets of the co-mortgagor shall not be counted in  
3 determining the eligibility of the "qualified resident" under  
4 this chapter."

5 SECTION 3. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 4. This Act shall take effect upon its approval.  
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INTRODUCED BY:

Will Egan  
Brene Hout  
Clarence Michener  
J. J. [Signature]  
~~AC. [Signature]~~  
[Signature]



# S.B. NO. 584

**Report Title:**

Hawaii Housing Finance and Development Corporation; Co-mortgagor; Family Members; Income

**Description:**

Removes the requirement that a co-mortgagor assisting a qualified resident in securing a mortgage to purchase a dwelling unit from the Hawaii housing finance and development corporation be a family member. Requires a qualified resident who is assisted by a co-mortgager to have an income of at least fifty per cent of the amount required to qualify for a loan to purchase the dwelling unit.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

