

---

---

# A BILL FOR AN ACT

RELATING TO FINANCIAL SECURITY.

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

1           SECTION 1. The legislature finds that anyone can  
2 experience financial hardship due to the loss of a job, a sudden  
3 illness, or other circumstances. According to the 2017 Aloha  
4 United Way report, across Hawaii, forty-eight per cent of  
5 households struggled to afford basic household necessities in  
6 2015. Fifty per cent of Hawaii families live paycheck to  
7 paycheck, making any financial hardship a crisis, which can  
8 result in defaulting on payments of loans such as a mortgage or  
9 automobile loan, a prime cause of homelessness that can be  
10 avoided.

11           On every island in Hawaii, families are sleeping in tents  
12 on beaches and in public parks. Homelessness is a growing  
13 epidemic, and anything that can be done to curtail it is a  
14 necessary pursuit.

15           The purpose of this Act is to allow residents greater  
16 financial flexibility to help avoid financial crises by  
17 requiring certain mortgages or automobile loans to include an



1 option for the borrower to miss a monthly payment without  
2 penalty.

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

6 "§412- Grace period for certain loans. (a) Any  
7 mortgage or automobile loan issued under this chapter in an  
8 amount of \$1,000 or more shall include as a term of the loan an  
9 option for the borrower to miss one monthly payment, that can be  
10 used consecutively, for every twenty-four months for the term of  
11 the loan without financial, credit, or other penalty, provided  
12 that:

13 (1) The borrower informs the lender of the borrower's  
14 decision to not submit a monthly payment on or before  
15 the date that the monthly payment is due; and

16 (2) The lender may continue to accrue interest on the loan  
17 in any month in which a borrower has not submitted  
18 payment pursuant to this section."

19 SECTION 3. This Act does not affect rights and duties that  
20 matured, penalties that were incurred, and proceedings that were  
21 begun before its effective date.



1 SECTION 4. New statutory material is underscored.

2 SECTION 5. This Act shall take effect on January 1, 2020.

3

INTRODUCED BY:

Carr

Harvey

Richard Cury

Chen

DeVore

Lida Cabanilla-Arkawa

James Sking

[Signature]

Tom Ben

[Signature]

Brian Koford

Chad C

[Signature]

[Signature]

Qu T. [Signature]

[Signature]

Amy Peruso

Christy Tagawa

Dan Carnas

S. [Signature]

[Signature]

[Signature]

[Signature]

Tim Wilgus



# H.B. NO. 1283

**Report Title:**

Financial Security; Grace Period; Loans

**Description:**

Requires certain mortgages or automobile loans of at least \$1000 to include an option for the borrower to miss a monthly payment without penalty.

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

