
A BILL FOR AN ACT

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.

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

1 SECTION 1. The legislature finds that making a downpayment
2 can be a major hurdle for many residents in the State when
3 purchasing a home for the first time. The hurdle is
4 particularly high for potential home buyers who fall into a gap
5 income group because their earnings are too high to qualify for
6 financial assistance from governmental programs but too low for
7 financial institutions to regard them as safe risks for mortgage
8 loans.

9 The purpose of this Act is to create a downpayment
10 guarantee program for first-time homebuyers who fall into a gap
11 income group.

12 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
13 amended by adding a new subpart to part III to be appropriately
14 designated and to read as follows:

15 " . Downpayment Guarantee Program



1 §201H- Downpayment guarantee. (a) The corporation may
2 serve as guarantor for any downpayment loan made by a financial
3 institution that is chartered under chapter 412 to an eligible
4 borrower for the borrower's purchase of a residential dwelling
5 within the State to be occupied by the borrower.

6 (b) No person shall be deemed an eligible borrower unless
7 the person:

8 (1) Is a citizen of the United States or a resident alien;

9 (2) Is at least eighteen years of age;

10 (3) Is a bona fide resident of the State;

11 (4) Will physically reside, for the term of the loan, in
12 the residential property to be purchased;

13 (5) Is accepted by a mortgage lender as a person to whom
14 the lender is willing to lend money for the purchase
15 of the residential property, provided the required
16 downpayment is made;

17 (6) Provides at least five per cent of the sales price as
18 a portion of the downpayment;

19 (7) Has successfully completed a financial education
20 program provided by a financial education agency
21 approved by the corporation;



1 (8) Is a first-time home buyer within the State; and

2 (9) Falls into a gap income group as recognized by the
3 corporation.

4 (c) No person who owns in fee simple or in leasehold any
5 other residential property within the State shall be eligible
6 under subsection (b). A person shall be deemed to own a
7 residential property within the State if the person, the
8 person's spouse, or both (unless separated and living apart
9 under a decree of a court of competent jurisdiction) owns a
10 majority interest in a residential property within the State.

11 (d) Every loan that is secured by the corporation under
12 this section shall be subject to the following conditions:

13 (1) The borrower shall expend no portion of the borrower's
14 downpayment loan for purposes other than to make a
15 downpayment for the purchase of a residential
16 property; and

17 (2) The borrower shall agree to staggered buyback sale
18 requirements established by the corporation for owner-
19 occupants.

20 (e) The corporation may use funds in the dwelling unit
21 revolving fund established in section 201H-191 to guarantee the



1 repayment of a downpayment loan made to the eligible borrower by
2 a financial institution chartered under chapter 412.

3 (f) The corporation may also establish, revise, charge,
4 and collect fees, premiums, and charges as necessary,
5 reasonable, or convenient, to guarantee the repayment of a
6 downpayment loan. The fees, premiums, and charges shall be
7 deposited into the dwelling unit revolving fund established in
8 section 201H-191.

9 (g) If the borrower defaults in the payment of any
10 installment of principal or interest of the downpayment loan,
11 the corporation shall take all necessary action to repay the
12 delinquent amounts to the financial institution or its assigns,
13 as the case may be, that holds title to the downpayment loan.

14 (h) The powers conferred upon the corporation by this
15 section shall be in addition and supplemental to the powers
16 conferred by any other law, and nothing in this section shall be
17 construed as limiting any powers, rights, privileges, or
18 immunities so conferred."

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so
21 much thereof as may be necessary for fiscal year 2020-2021 to be



1 deposited into the dwelling unit revolving fund and expended for
2 the purposes of this Act.

3 The sum appropriated shall be expended by the Hawaii
4 housing finance and development corporation for the purposes of
5 this Act.

6 SECTION 4. This Act shall take effect on July 1, 2025.



Report Title:

Hawaii Housing Finance and Development Corporation; Homebuyer
Downpayment Guarantee Program; Appropriation

Description:

Creates a downpayment guarantee program for certain first-time
homebuyers. Appropriates funds. Takes effect on 7/1/2025.
(HD1)

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not legislation or evidence of legislative intent.*

