

1 "Trust indenture" has the same meaning as in section
2 201H-1.

3 § -2 **Hawaii residential developers loan corporation;**
4 **establishment.** (a) There is established the Hawaii residential
5 developers loan corporation to be placed within the department
6 of business, economic development, and tourism for
7 administrative purposes only. The corporation shall be a public
8 body and a body corporate and politic.

9 (b) The corporation shall employ, exempt from chapter 76
10 and section 26-35(a)(4), an executive director and an executive
11 assistant to be nominated and, by and with the advice and
12 consent of the senate, appointed by the governor.

13 § -3 **Corporation; duties.** (a) The corporation shall
14 enhance credit and guarantee and insure loans made by private
15 financial institutions to developers of residential housing
16 required to be sold to Hawaii residents who will be owner-
17 occupants and who own no other real property. The corporation
18 shall not provide residential mortgage loans to consumers or
19 guarantee or insure residential mortgage loans made to
20 consumers.



1 (b) When the application for a loan has been approved by
2 the corporation, the corporation shall issue to the lender a
3 guarantee for the percentage of the loan for which it guarantees
4 payment of principal and interest. The private lender shall
5 collect all payments from the borrower and otherwise service the
6 loan.

7 § -4 Board; establishment, functions, duties. (a)

8 There is established a board of directors of the Hawaii
9 residential developers loan corporation consisting of nine
10 members, of whom six shall be public members appointed by the
11 governor as provided in section 26-34. At least four of the
12 public members shall have knowledge and expertise in private
13 financing and development of housing. Public members shall be
14 appointed from each of the counties of Honolulu, Hawaii, Maui,
15 and Kauai. The public members of the board shall serve four-
16 year staggered terms; provided that the initial appointments
17 shall be as follows:

18 (1) Two members to be appointed for four years;

19 (2) Two members to be appointed for three years; and

20 (3) Two members to be appointed for two years.



1 The director of business, economic development, and tourism and
2 the director of finance, or their designated representatives, and
3 a representative of the governor's office, shall be ex officio,
4 voting members. The corporation shall be headed by the board.

5 (b) The board shall select a chairperson and vice
6 chairperson from among its members; provided that the
7 chairperson shall be a public member. The director of business,
8 economic development, and tourism, director of finance, and the
9 governor's representative shall be ineligible to serve as
10 chairperson of the board.

11 (c) Five voting members shall constitute a quorum, whose
12 affirmative vote shall be necessary for all actions by the
13 corporation. The members shall receive no compensation for
14 services, but shall be entitled to necessary expenses, including
15 travel expenses, incurred in the performance of their duties.

16 § -5 **General powers.** (a) The corporation may:

17 (1) Sue and be sued;

18 (2) Have a seal and alter the same;

19 (3) Make and execute contracts and other instruments
20 necessary or convenient to the exercise of its powers;

21 (4) Enhance credit;



1 (5) Adopt bylaws and rules in accordance with chapter 91
2 for its organization, internal management, and to
3 carry into effect its purposes, powers, and programs;
4 and

5 (6) Notwithstanding any law to the contrary, establish and
6 collect fees for administrative expenses incurred by
7 the corporation to process applications for loans,
8 grants, services, and real estate documents related to
9 the corporation's functions under this chapter.

10 (b) In addition to other powers conferred upon it, the
11 corporation may do all things necessary and convenient to carry
12 out the powers expressly provided in this chapter.

13 § -6 **Hawaii residential developers loan revolving fund.**

14 (a) There is established the Hawaii residential developers loan
15 revolving fund to be administered by the corporation. The
16 proceeds of the funds shall be used to enhance credit and
17 guarantee and insure loans made by private financial
18 institutions to developers of residential housing for Hawaii
19 residents who will be owner-occupants and who own no other real
20 property. The proceeds of the funds shall not be used to



1 provide residential mortgage loans to consumers or guarantee or
2 insure residential mortgage loans made to consumers.

3 (b) The following may be deposited into the fund:

4 (1) Appropriations made by the legislature;

5 (2) Private contributions;

6 (3) Repayment of loans, interest, other returns; and

7 (4) Moneys from other sources.

8 § -7 **Bonds; authorization.** (a) The corporation, with
9 the approval of the governor, may issue from time to time bonds
10 in amounts not exceeding the total amount of bonds authorized to
11 be issued by the legislature for any of its corporate purposes.

12 (b) All bonds shall be issued pursuant to part III of
13 chapter 39, except as provided in this chapter.

14 (c) The bonds shall be issued in the name of the
15 corporation, and not in the name of the State. The final
16 maturity date of the revenue bonds may be any date not
17 exceeding _____ years from the date of issuance.

18 (d) Any pledge made by the corporation shall create a
19 perfected security interest in the revenues or moneys so pledged
20 and thereafter received by the corporation from and after the
21 time that a financing statement with respect to the revenues or



1 moneys so pledged and thereafter received shall be filed with
2 the bureau of conveyances. Upon the filing, the revenues or
3 moneys so pledged and thereafter received by the corporation
4 shall immediately be subject to the lien of the pledge without
5 any physical delivery thereof or further act, and the lien of
6 the pledge shall be prior to the lien of all parties having
7 claims of any kind in tort, contract, or otherwise against the
8 corporation, irrespective of whether the parties have notice
9 thereof. This section shall apply to any financing statement
10 heretofore or hereafter filed with the bureau of conveyances
11 with respect to any pledge made to secure bonds issued under
12 this chapter.

13 (e) Any loans guaranteed and insured by the corporation
14 pursuant to this chapter shall constitute an "undertaking"
15 within the meaning of that term as defined and used in part III,
16 chapter 39. Any loan program that enhances credit or guarantees
17 and insures loans made by private financial institutions to
18 developers of residential housing required to be sold to Hawaii
19 residents who will be owner-occupants and who own no other real
20 property, and is authorized by and undertaken pursuant to this
21 chapter shall constitute a "loan program" within the meaning of



1 that term as defined and used in part III, chapter 39. The
2 corporation shall constitute a "department" and the board shall
3 constitute a "governing body" within the meaning of those terms
4 as defined and used in part III, chapter 39.

5 (f) Neither the members of the board nor any person
6 executing the bonds shall be liable personally on the bonds by
7 reason of the issuance thereof.

8 § -8 **Bonds; interest rate, price, and sale.** (a) The
9 bonds shall bear interest at rates payable at times that the
10 corporation, with the approval of the governor, may determine
11 except for deeply discounted bonds that are subject to
12 redemption or retirement at their accreted value; provided that
13 the discounted value of the bonds shall not exceed per
14 cent of any issue; and provided further that no bonds may be
15 issued without the approval of the director of finance and the
16 governor. Notwithstanding any other law to the contrary, the
17 corporation, subject to the approval of the director of finance
18 and the governor, may issue bonds pursuant to section -6, in
19 which the discounted value of the bonds exceeds per cent
20 of the issue.



1 (b) The corporation may include the costs of undertaking
2 any loan program consistent with the purposes of this chapter
3 for which the bonds are issued in determining the principal
4 amount of bonds to be issued. In determining the costs of
5 undertaking, the corporation may include the cost of studies and
6 surveys; insurance premiums; underwriting fees; financial
7 consultant, legal, accounting, and other services incurred;
8 reserve account, trustee, custodian, and rating agency fees; and
9 interest on the bonds for a period determined by the
10 corporation, or the estimated expenditure of borrowed funds for
11 any loan program consistent with the purposes of this chapter
12 for which the bonds are issued.

13 § -9 **Trustee; designation, duties.** (a) The corporation
14 may designate a trustee for each issue of bonds secured under
15 the same trust indenture; provided that the trustee shall be
16 approved by the director of finance.

17 (b) The trustee shall be authorized by the corporation to
18 receive and receipt for, hold, and administer the proceeds of
19 the bonds, and to apply the proceeds to the purposes for which
20 the bonds are issued.



1 (c) The trustee shall also be authorized by the
2 corporation to hold and administer any Hawaii residential
3 developers loan revolving funds established pursuant to
4 section -6. The trustee may receive and receipt for, hold,
5 and administer the revenues derived by the corporation pursuant
6 to this chapter. The trustee shall apply the revenues to pay
7 any costs of administering and operating the loan program
8 consistent with the purposes of this chapter; to pay the
9 principal of and the interest on issued bonds; to the
10 establishment of reserves; and to other purposes as may be
11 authorized in the proceedings providing for the issuance of the
12 bonds.

13 (d) Notwithstanding section 39-68, the director of finance
14 may appoint the trustee to serve as fiscal agent for:

15 (1) The payment of the principal of and interest on the
16 bonds; and

17 (2) The purchase, registration, transfer, exchange, and
18 redemption of the bonds.

19 (e) The trustee shall perform additional functions with
20 respect to the payment, purchase, registration, transfer,
21 exchange, and redemption, as the director of finance may deem



1 necessary, advisable, or expeditious, including the holding of
2 the bonds and coupons, if any, that have been paid and the
3 supervision of their destruction in accordance with law.

4 (f) Nothing in this chapter shall limit or be construed to
5 limit the powers granted to the director of finance in sections
6 36-3, 39-13, and 39-68(a), to appoint the trustee or others as
7 fiscal agents, paying agents, and registrars for the bonds or to
8 authorize and empower those fiscal agents, paying agents, and
9 registrars to perform the functions referred to in those
10 sections.

11 **§ -10 Trust indenture.** (a) A trust indenture may
12 contain covenants and provisions authorized by part III of
13 chapter 39, and as deemed necessary or convenient by the
14 corporation for the purposes of this chapter.

15 (b) A trust indenture may allow the corporation to pledge
16 and assign to the trustee agreements related to the
17 corporation's undertaking of a loan program consistent with the
18 purposes of this chapter and the rights of the corporation
19 thereunder, including the right to receive revenues thereunder
20 and to enforce the provision thereof.



1 (c) Where a trust indenture provides that any bond issued
2 under that trust indenture is not valid or obligatory for any
3 purpose unless certified or authenticated by the trustee, all
4 signatures of the officers of the State upon the bonds required
5 by section 39-56 may be facsimiles of their signatures.

6 (d) A trust indenture shall also contain provisions as to:

- 7 (1) The investment of the proceeds of the bonds, the
8 investment of any reserve for the bonds, and the use
9 and application of the earnings from investments; and
10 (2) The terms and conditions upon which the holders of the
11 bonds or any portion of them or any trustee thereof
12 may institute proceedings for the enforcement of any
13 agreement or any note or other undertaking,
14 obligation, or property securing the payment of the
15 bonds and the use and application of the moneys
16 derived therefrom.

17 (e) A trust indenture may also contain provisions deemed
18 necessary or desirable by the corporation to obtain or permit,
19 by grant, interest subsidy, or otherwise, the participation of
20 the federal government in enhancing credit or guaranteeing and
21 insuring loans made by private financial institutions to



1 developers of residential housing required to be sold to Hawaii
2 residents who will be owner-occupants and who own no other real
3 property."

4 SECTION 2. The director of finance is authorized to issue
5 general obligation bonds in the sum of \$200,000,000 or so much
6 thereof as may be necessary and the same sum or so much thereof
7 as may be necessary is appropriated for fiscal year 2024-2025
8 for the purpose of funding the Hawaii residential developers
9 loan revolving fund established pursuant to section -6,
10 Hawaii Revised Statutes.

11 SECTION 3. The appropriation made for the capital
12 improvement project authorized by this Act shall not lapse at
13 the end of the fiscal biennium for which the appropriation is
14 made; provided that all moneys from the appropriation
15 unencumbered as of June 30, 2026, shall lapse as of that date.

16 SECTION 4. This Act shall take effect on July 1, 2024.

17

INTRODUCED BY: 



S.B. NO. 2065

Report Title:

Hawaii Residential Developers Loan Corporation; Housing; Developers; Credit Enhancement; Loan Guarantees; Bonding Authority; Hawaii Residential Developers Loan Revolving Fund; GO Bonds; Appropriation

Description:

Establishes the Hawaii Residential Developers Loan Corporation and the Hawaii Residential Developers Loan Revolving Fund for the purpose of enhancing credit and guaranteeing and insuring loans made by private financial institutions to developers of residential housing for Hawaii residents who will be owner-occupants and who own no other real property. Authorizes the Director of Finance to issue general obligation bonds to fund the Hawaii Residential Developers Loan Revolving Fund. Makes an appropriation.

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

