

ACT 107

A Bill for an Act to Amend Section 180-53.5 of the Revised Laws of Hawaii 1955, as Amended, Relating to Home Loans in Excess of Eighty Per Cent of Value by Savings & Loan Associations.

Be it Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 180-53.5 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended in the following respects:

(a) By amending paragraph (a) to read as follows:

“(a) The net proceeds of any such loan do not exceed \$30,000, nor ninety per cent of the unencumbered appraised value of the real estate, including leasehold property and the improvements thereon, nor ninety per cent of the purchase price, whichever is lower;”

(b) By amending paragraph (b) to read as follows:

“(b) Except as provided in paragraph (d) of this section, the loan is made upon the security of a first lien upon real estate upon which there is located a structure designed for residential use for one family or two families (and occupied by the borrower, or in good faith intended for the borrower’s occupancy) the construction of which has been completed prior to the date on which the security instrument securing the loan is executed and prior to the date on which any disbursement on the loan is made, and upon which there is not located any other structure designed or used in whole or in part as a dwelling or any structure designed or used in whole or in part for any business purpose or for any purpose not ancillary to the residential use aforesaid;”

(c) By amending paragraph (d) to read as follows:

“(d) Notwithstanding the requirements of paragraph (b) of this section, a loan under this paragraph (d) may be made to finance the construction of a structure as described in paragraph (b) of this section, but the amount by which such a loan exceeds eighty per cent of the value of the real estate shall not be disbursed unless and until construction has been completed;”

(d) By amending paragraph (f) to read as follows:

“(f) An association’s aggregate amount of outstanding balances of all loans in excess of the eighty per cent limitation (excluding balances of loans which have been reduced below the eighty per cent limitation) shall not exceed ten per cent of the association’s capital at the time of any disbursement on a loan permitted by this section;”

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

(Approved June 3, 1965.) **S.B. 791.**