

A Bill for an Act Relating to the Hawaii Housing Authority.

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

SECTION 1. Section 359G-7, Hawaii Revised Statutes, is amended to read as follows:

“Sec. 359G-7 Bond financing. The director of finance may issue general obligation bonds and short term project notes of the State in the aggregate amount not to exceed \$105,000,000 for the dwelling unit revolving fund under this chapter.

Pending the receipt of funds from the issuance and sale of such bonds and notes, the amount required for the purposes of this chapter shall be advanced from the general fund of the State. Upon the receipt of the bond or note funds, the general fund shall be reimbursed. The director of finance may sequester and separate the proceeds from sale of the bonds and notes into separate funds and the amounts in either fund may be used for any of the purposes set forth in this chapter.”

SECTION 2. Section 359G-7.5, Hawaii Revised Statutes, is repealed.

SECTION 3. Section 356-201, Hawaii Revised Statutes, is amended by adding the following definitions to be appropriately inserted and to read as follows:

- “Qualified sponsor” means any person or entity determined by the authority:
- (1) To be qualified by experience, financial responsibility, and support to construct a housing project of the type and magnitude described;
 - (2) To have submitted plans for a project adequately meeting the objectives of this chapter, the maintenance of aesthetic values in the locale of the project, and the requirements of all applicable environmental statutes and rules; and
 - (3) To meet other qualifications as established by rules adopted by the authority pursuant to chapter 91.

“Eligible project loan” means a federally insured or guaranteed interim or permanent loan, made to a qualified sponsor for the financing of a rental housing project, and which meets other requirements as established by rules adopted by the authority pursuant to chapter 91.”

SECTION 4. Chapter 356, Hawaii Revised Statutes, is amended by adding a new section to be designated as section 356-208, and to read as follows:

“Sec. 356-208 Rules; eligible project loans. (a) The authority shall establish requirements for projects to be financed by an eligible project loan, and may consider, but not be limited to the location, age, condition, and other characteristics of the project.

(b) The authority shall establish restrictions on the terms, maturities, interest rates, and other requirements for eligible project loans.

(c) The authority shall, consistent with requirements of federal insuring or guaranteeing agencies, establish restrictions on the prepayment of eligible project loans, and on the transfer of ownership of the project secured by the eligible project loan.

(d) All eligible project loans shall comply with applicable state and federal laws.”

SECTION 5. Section 356-211, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) The revenue bonds shall be issued in the name of the authority, and not in the name of the State. The final maturity date of the revenue bonds may be any date not exceeding forty years from the date of issuance; except that the final maturity date of the revenue bonds issued to finance eligible project loans may be any date not exceeding fifty years from the date of issuance.”

SECTION 6. Section 356-212, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The revenue bonds shall be payable from and secured by the revenues derived from the benefits of the housing loan programs for which the revenue bonds are issued, including:

- (1) Any payment made for eligible loans or eligible project loans or other agreements entered into for the housing loan programs;
- (2) Revenues derived from insurance proceeds;
- (3) Reserve accounts and earnings thereon; and
- (4) Revenues resulting from loans to mortgage lenders or from the payment on account of principal of and interest on loans purchased from mortgage lenders.”

SECTION 7. Section 356-231, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows:

“(a) The authority shall establish procedures for:

- (1) The submission of requests or the invitation of proposals for loans to mortgage lenders;
 - (2) The purchase of existing loans by auction, invitation of tenders, or negotiation;
 - (3) The making of advance commitments to purchase and the purchasing of eligible loans or eligible project loans to be made by mortgage lenders by auction, invitation of tenders, or negotiation; and
 - (4) Loan applications made through mortgage lenders to eligible borrowers or qualified sponsors.
- (b) The authority shall establish standards and requirements for:
- (1) The allocation of loans to mortgage lenders;
 - (2) The allocation of funds to purchase existing loans from mortgage lenders;
 - (3) The making of advance commitments and allocation of funds to purchase eligible loans or eligible project loans from mortgage lenders; and
 - (4) The participation by mortgage lenders as originators and processors of eligible loans or eligible project loans on behalf of the authority.”

SECTION 8. Section 356-235, Hawaii Revised Statutes, is amended to read as follows:

“**Sec. 356-235 Housing loan programs; evidence of eligible loan or eligible project loan.** (a) Each mortgage lender who participates in any housing loan program shall submit evidence, as deemed satisfactory by the authority, that eligible loans or eligible project loans have been made from the proceeds of the revenue bonds.

(b) The authority may inspect the books and records of the mortgage lenders as may be necessary for this section.”

SECTION 9. Section 356-261, Hawaii Revised Statutes, is amended to read as follows:

“**Sec. 356-261 Advance commitments program.** (a) The authority may contract with a mortgage lender for the advance commitment to purchase eligible loans or eligible project loans.

(b) The contract may contain provisions as determined by the authority to be

necessary or appropriate to provide security for its revenue bonds.”

SECTION 10. Section 356-271, Hawaii Revised Statutes, is amended to read as follows:

“**Sec. 356-271 Eligible loan and eligible project loan funding program.** (a) The authority may contract with mortgage lenders to fund eligible loans or eligible project loans.

(b) The contract may contain provisions as determined by the authority to be necessary or appropriate to provide security for its revenue bonds.”

SECTION 11. **Issuance of revenue bond; amount authorized.** Revenue bonds may be issued by the authority pursuant to part III, chapter 39 and part II, chapter 356, Hawaii Revised Statutes, in an aggregate principal amount not to exceed \$122,500,000 at such times and in such amounts as the authority deems advisable for the purpose of undertaking and maintaining any of the housing loan programs under part II of chapter 356, Hawaii Revised Statutes, relating to the funding or purchasing of eligible project loans.

SECTION 12. Statutory material to be repealed is bracketed. New material is underscored.*

SECTION 13. This Act shall take effect upon its approval.

(Approved June 17, 1980.)

*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.