

ACT 99

S.B. NO. 1151

A Bill for an Act Relating to Hawaii Housing Authority.

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

SECTION 1. Section 359G-9.2, Hawaii Revised Statutes, is amended by amending subsections (b) and (c) to read as follows:

“(b) The restrictions prescribed in subsection (a) above may be waived if:

- (1) The purchaser wishes to transfer title to the dwelling and the property or lease by devise or through the laws of descent to a family member who would otherwise qualify under rules established by the authority; or

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- (2) The authority determines, in accordance with adopted rules, that the sale or transfer of a dwelling unit[,], would be at a price and upon terms [as it shall set,] that preserves the intent of this section without the necessity of the State to repurchase the unit[; provided that the restrictions prescribed in subsection (a) above shall be reinstated after the transfer of title and shall be fully effective and applicable to the transferee].

(c) The restrictions prescribed in subsection (a) above shall be automatically extinguished and shall not attach in subsequent transfers of title when a mortgage holder or other party becomes the owner of a dwelling unit and the land or leasehold interest pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced. Any law to the contrary notwithstanding, a mortgagee under a mortgage covering a dwelling unit and land or leasehold interest encumbered by the first option to purchase in favor of the authority shall, prior to commencing mortgage foreclosure proceedings, notify the authority of (1) any default of the mortgagor under the mortgage within ninety days after the occurrence of the default, and (2) any intention of the mortgagee to foreclose the mortgage under chapter 667. The authority shall be a party to any foreclosure action, and shall be entitled to all proceeds remaining in excess of all customary and actual costs and expenses of transfer pursuant to default, including liens and encumbrances of record; provided that the person in default shall be entitled to an amount which shall not exceed the sum of amounts determined pursuant to subparagraphs [(a)(1)(B) and (C)] (B) and (C) of subsection (a)(1) above and the purchaser's equity in the property."

SECTION 2. Section 359G-9.3, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

"(d) The restrictions prescribed in subsection (a) above shall be automatically extinguished and shall not attach in subsequent transfers of title as prescribed in section [359G-9.2(c.)] 359G-9.2(b) and (c)."

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved May 30, 1987.)