

## A BILL FOR AN ACT

RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920, AS  
AMENDED.

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

1 SECTION 1. Section 214, Hawaiian Homes Commission Act,  
2 1920, as amended, is amended by amending subsection (b) to read  
3 as follows:

4 "(b) In addition the department may:

5 (1) Use moneys in the Hawaiian home operating fund, with  
6 the prior approval of the governor, to match federal,  
7 state, or county funds available for the same  
8 purposes and to that end, enter into such  
9 undertaking, agree to such conditions, transfer funds  
10 therein available for such expenditure, and do and  
11 perform such other acts and things, as may be  
12 necessary or required, as a condition to securing  
13 matching funds for such projects or works;

14 (2) Loan or guarantee the repayment of or otherwise  
15 underwrite any authorized loan or portion thereof to  
16 lessees in accordance with section 215;

17 (3) Loan or guarantee the repayment of or otherwise  
underwrite any authorized loan or portion thereof to

1 a cooperative association in accordance with section  
2 215;

3 (4) Permit and approve loans made to lessees by  
4 government agencies or private lending institutions,  
5 where the department assures the payment of such  
6 loans; provided that upon receipt of notice of  
7 default in the payment of such assured loans, the  
8 department may, upon failure of the lessee to cure  
9 the default within sixty days, cancel the lease and  
10 pay the outstanding balance in full or may permit the  
11 new lessee to assume the outstanding debt; and  
12 provided further that the department shall reserve  
13 the following rights: the right of succession to the  
14 lessee's interest and assumption of the contract of  
15 loan; the right to require that written notice be  
16 given to the department immediately upon default or  
17 delinquency of the lessee; and any other rights  
18 enumerated at the time of assurance necessary to  
19 protect the monetary and other interests of the  
20 department;

21 (5) Secure, pledge, or otherwise guarantee the repayment  
22 of moneys borrowed by the department from government  
23 agencies or private lending institutions and pay the  
24 interim interest or advances required for loans;  
5 provided that the State's liability, contingent or

1 otherwise, either on moneys borrowed by the  
2 department or on departmental guarantees of loans  
3 made to lessees under this paragraph and paragraphs  
4 (2), (3), and (4) of this subsection, shall at no  
5 time exceed [\$21,000,000] \$50,000,000; the  
6 department's guarantee of repayment shall be adequate  
7 security for a loan under any state law prescribing  
8 the nature, amount, or form of security or requiring  
9 security upon which loans may be made;

10 (6) Use available loan fund moneys or other funds  
11 specifically available for such purposes as cash  
12 guarantees when required by lending agencies;

13 (7) Exercise the functions and reserved rights of a  
14 lender of money or mortgagee of residential property  
15 in all direct loans made by government agencies or by  
16 private lending institutions to lessees the repayment  
17 of which is assured by the department. The functions  
18 and reserved rights shall include but not be limited  
19 to, the purchasing, repurchasing, servicing, selling,  
20 foreclosing, buying upon foreclosure, guaranteeing  
21 the repayment, or otherwise underwriting, of any  
22 loan, the protecting of security interest, and after  
23 foreclosures, the repairing, renovating, or  
24 modernization and sale of property covered by the  
loan and mortgage;

1 (8) Pledge receivables of loan accounts outstanding as  
2 collateral to secure loans made by government  
3 agencies or private lending institutions to the  
4 department, the proceeds of which shall be used by  
5 the department to make new loans to lessees or to  
6 finance the development of available lands for  
7 purposes permitted by this Act; provided that any  
8 loan agreement entered into under this paragraph by  
9 the department shall include a provision that the  
10 money borrowed by the department is not secured  
11 directly or indirectly by the full faith and credit  
12 or the general credit of the State or by any revenues  
13 or taxes of the State other than the receivables  
14 specifically pledged to repay the loan; provided  
15 further that in making loans or developing available  
16 lands out of money borrowed under this paragraph, the  
17 department may establish, revise, charge, and collect  
18 fees, premiums, and charges as necessary, reasonable,  
19 or convenient, to assure repayment of the funds  
20 borrowed, and the fees, premiums, and charges shall  
21 be deposited into the Hawaiian home trust fund; and  
22 provided further that no moneys of the Hawaiian home  
23 loan fund may be pledged as security under this  
24 paragraph; and

1 (9) Notwithstanding any other provisions of this Act to  
2 the contrary, transfer into the Hawaiian home trust  
3 fund any available and unpledged moneys from any loan  
4 funds, the Hawaiian loan guarantee fund, or any fund  
5 or account succeeding thereto, except the Hawaiian  
6 home loan fund, for use as cash guarantees or  
7 reserves when required by a federal agency authorized  
8 to insure or guarantee loans to lessees."

9 SECTION 2. Statutory material to be repealed is  
10 bracketed. New statutory material is underscored.

11 SECTION 3. This Act shall take effect upon its approval.  
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APPROVED BY THE  
GOVERNOR ON  
JUN 18 1996