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# A BILL FOR AN ACT

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

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

1 SECTION 1. Section 208 of the Hawaiian Homes Commission  
2 Act, 1920, as amended, is amended to read as follows:

3 "§208. **Conditions of leases.** Each lease made under the  
4 authority granted the department by section 207 of this Act, and  
5 the tract in respect to which the lease is made, shall be deemed  
6 subject to the following conditions, whether or not stipulated  
7 in the lease:

8 (1) The original lessee shall be a native Hawaiian, not  
9 less than eighteen years of age. In case two lessees  
10 either original or in succession marry, they shall  
11 choose the lease to be retained, and the remaining  
12 lease shall be transferred, quitclaimed, or canceled  
13 in accordance with the provisions of succeeding  
14 sections.

15 (2) The lessee shall pay a rental of \$1 a year for the  
16 tract and the lease shall be for a term of ninety-nine  
17 years; except that the department may extend the term  
18 of any lease; provided that the approval of any



1 extension shall be subject to the condition that the  
2 aggregate of the initial ninety-nine year term and any  
3 extension granted shall not be for more than one  
4 hundred ninety-nine years.

5 (3) The lessee may be required to occupy and commence to  
6 use or cultivate the tract as the lessee's home or  
7 farm or occupy and commence to use the tract for  
8 aquaculture purposes, as the case may be, within one  
9 year after the commencement of the term of the lease.

10 (4) The lessee thereafter, for at least such part of each  
11 year as the department shall prescribe by rules, shall  
12 occupy and use or cultivate the tract on the lessee's  
13 own behalf.

14 (5) The lessee shall not in any manner transfer to, or  
15 otherwise hold for the benefit of, any other person or  
16 group of persons or organizations of any kind, except  
17 a native Hawaiian or Hawaiians, and then only upon the  
18 approval of the department, or agree so to transfer,  
19 or otherwise hold, the lessee's interest in the tract;  
20 except that the lessee, with the approval of the  
21 department, also may transfer the lessee's interest in  
22 the tract to the following qualified relatives of the



1 lessee's existing home or in a separate residential  
2 dwelling unit constructed on the premises.

3 (6) Notwithstanding the provisions of paragraph (5), the  
4 lessee, with the consent and approval of the  
5 commission, may mortgage or pledge the lessee's  
6 interest in the tract or improvements thereon to a  
7 recognized lending institution authorized to do  
8 business as a lending institution in either the State  
9 or elsewhere in the United States; provided the loan  
10 secured by a mortgage on the lessee's leasehold  
11 interest is insured or guaranteed by the Federal  
12 Housing Administration, Department of Veterans  
13 Affairs, or any other federal agency and their  
14 respective successors and assigns, which are  
15 authorized to insure or guarantee such loans, or any  
16 acceptable private mortgage insurance as approved by  
17 the commission. The mortgagee's interest in any such  
18 mortgage shall be freely assignable. Such mortgages,  
19 to be effective, must be consented to and approved by  
20 the commission and recorded with the department.

21 Further, notwithstanding the authorized purposes  
2. of loan limitations imposed under section 214 of this



1 taxes and have a lien therefor as provided by section  
2 216 of this Act.

3 (8) The lessee shall perform such other conditions, not in  
4 conflict with any provision of this Act, as the  
5 department may stipulate in the lease; provided that  
6 an original lessee shall be exempt from all taxes for  
7 the first seven years after commencement of the term  
8 of the lease."

9 SECTION 2. New statutory material is underscored.

10 SECTION 3. This Act shall take effect upon its approval.

APPROVED BY THE  
GOVERNOR ON

MAY 16 2005

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VERNOR  
E OF HAWAII



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CHAIRMAN  
HAWAIIAN HOMES COMMISSION

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TESTIMONY OF MICAH KANE  
CHAIRMAN, HAWAIIAN HOMES COMMISSION

ON H.B. NO. 1413 H.D. 1  
RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920, AS AMENDED  
BEFORE THE SENATE COMMITTEE ON JUDICIARY AND HAWAIIAN AFFAIRS

March 23, 2005

Chair Hanabusa and Members of the Senate Committee On Judiciary and Hawaiian Affairs:

Thank you for the opportunity to testify on H.B. 1413, H. D. 1. The purpose of this bill is to authorize mortgage loans made on Hawaiian home lands to be insured by private mortgage insurance carriers.

Section 208(6) of the HHCA currently limits lending institutions to making loans on Hawaiian home lands that are insured or guaranteed by federal agencies or programs. As a result, lenders who offer mortgage financing that is guaranteed or insured by private mortgage insurance are not authorized to make loans on Hawaiian home lands. The proposed amendment would allow loans guaranteed by private mortgage insurance to be permitted on Hawaiian home lands. This will expand the market of lenders able to offer mortgage financing to our beneficiaries and would allow fannie mae loans to be made on Hawaiian home lands.

The House has amended section 4 of this bill by changing the effective date to 2010. We request that your Committee restore the original language, which provides that the bill take effect upon its approval. With that change, we urge your favorable approval of this measure.

Thank you for the opportunity to testify on H.B. 1413.