

**Office of the Assistant Secretary, HUD**

**§ 1007.20**

who otherwise could not acquire housing financing because of the unique legal status of the Hawaiian Home Lands or as a result of a lack of access to private financial markets.

**§ 1007.5 Definitions.**

The following definitions apply in this part:

*Department of Hawaiian Home Lands (DHHL)* means the agency or department of the government of the State of Hawaii that is responsible for the administration of the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 *et seq.*).

*Eligible entity* means a Native Hawaiian family, the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, and private nonprofit or private for-profit organizations experienced in the planning and development of affordable housing for Native Hawaiians.

*Family* means one or more persons maintaining a household, and includes, but is not limited to, a family with or without children, an elderly family, a near-elderly family, a disabled family, or a single person.

*Guarantee Fund* means the Native Hawaiian Housing Loan Guarantee Fund under this part.

*Hawaiian Home Lands* means lands that:

(1) Have the status of Hawaiian Home Lands under section 204 of the Hawaiian Homes Commission Act (42 Stat. 110); or

(2) Are acquired pursuant to that Act.

*HUD* means the Department of Housing and Urban Development.

*Native Hawaiian* means any individual who is:

(1) A citizen of the United States; and  
(2) A descendant of the aboriginal people, who, prior to 1778, occupied and exercised sovereignty in the area that currently constitutes the State of Hawaii, as evidenced by:

(i) Genealogical records;  
(ii) Verification by kupuna (elders) or kama'aina (long-term community residents); or  
(iii) Birth records of the State of Hawaii.

*Native Hawaiian family* means a family with at least one member who is a Native Hawaiian.

*Office of Hawaiian Affairs* means the entity of that name established under the constitution of the State of Hawaii.

**§ 1007.10 Eligible borrowers.**

A loan guaranteed under this part may only be made to the following borrowers:

- (a) A Native Hawaiian family;
- (b) The Department of Hawaiian Home Lands;
- (c) The Office of Hawaiian Affairs; or
- (d) A private, nonprofit organization experienced in the planning and development of affordable housing for Native Hawaiians.

**§ 1007.15 Eligible uses.**

(a) *In general.* A loan guaranteed under this part may only be used to construct, acquire, or rehabilitate eligible housing.

(b) *Construction advances.* Advances made by the lender during construction are eligible if:

(1) The mortgagor and the mortgagee execute a building loan agreement, approved by HUD, setting forth the terms and conditions under which advances will be made;

(2) The advances are made only as provided in the building loan agreement;

(3) The principal amount of the mortgage is held by the mortgagee in an interest bearing account, trust, or escrow for the benefit of the mortgagor, pending advancement to the mortgagor or to his or her creditors as provided in the loan agreement; and

(4) The mortgage bears interest on the amount advanced to the mortgagor or to his or her creditors and on the amount held in an account or trust for the benefit of the mortgagor.

**§ 1007.20 Eligible housing.**

(a) A loan guaranteed under this part may only be made for one to four-family dwellings that are standard housing, in accordance with paragraph (b), of this section. The housing must be located on Hawaiian Home Lands for which a housing plan that provides for the use of loan guarantees under this