



HULA MAE MORTGAGE LOAN PROGRAM

FREQUENTLY ASKED QUESTIONS

November 21, 2012

What is the Hula Mae Program?

The Hula Mae Program offers eligible “first-time” homebuyers with 30-year mortgage loans at very competitive interest rates.

How does Hula Mae work?

The participating lender accepts and reviews your application to determine your eligibility under the guidelines of the Program. Once your eligibility is verified, the lender will process the loan application and conduct a closing for you to purchase your home.

What are the Hula Mae loan terms?

The interest rate for a Mortgage Loan starts at 2.95% (3.27% APR*). Please contact a participating lender for the current rates. The maximum term of the loan is 30 years.

A total of 1.25% point is charged on a Hula Mae Loan. This is a one-time charge.

Is Down Payment Assistance available?

Yes, down payment assistance may be available for up to 3% of the contract sales price. The interest rate for a Mortgage Loan with Down Payment Assistance starts at 3.45% (3.78% APR*). Please contact a participating lender for the current rates. The maximum term of the loan is 30 years.

A total of 1.25% point is charged on a Hula Mae Loan with Down Payment Assistance. This is a one-time charge.

Who is eligible to borrow?

- You are a bona fide resident of Hawaii.
- You are a citizen of the United States or declarant alien.
- You are 18 years or older.
- You have not previously received a Hula Mae loan.
- You are a first-time homebuyer (you, your spouse or your partner cannot have any ownership interest in a principal residence or a beneficial interest in a land trust involving a principal residence, within or without the State of Hawaii for a period of 3 years prior to closing a Hula Mae Loan). This requirement does not apply to loans made in targeted areas.)

What are the Gross Annual Income Limits?

<u>County</u>	<u>Families of 2 or less</u>	<u>Families of 3 or more</u>
Honolulu	\$123,600	\$144,200
Maui	\$107,160	\$125,020
Kauai	\$98,880	\$115,360
Hawaii	\$88,080	\$102,760

The income limits may be revised by the HHFDC from time to time pursuant to U.S. Internal Revenue Service guidelines.

*The APR, or annual percentage rate, includes estimated loan origination fees and closing costs, is given as an example.

What are the Purchase Price Limits?

County	Newly Constructed or Existing Residences
Honolulu	\$732,692
Maui	\$729,230
Kauai	\$714,231
Hawaii	\$571,153

The above limits apply only to fee simple, fully completed units. Leasehold residences and uncompleted units are subject to certain adjustments in determining their "acquisition cost" as defined by the U.S. Internal Revenue Service.

Maximum mortgage amounts are subject to Fannie Mae, underwriting guidelines (see your lender for details).

The Purchase Price Limits and Maximum Mortgage Amounts may be: (1) increased by HHFDC for Mortgage Loans in targeted area residences; or (2) increased or decreased by HHFDC pursuant to the U.S. Internal Revenue Service guidelines.

What type of property may be purchased?

Homes eligible for mortgages under the Hula Mae Program can be new or existing single-family residences and townhouse/condominium units. Homes purchased under this Program must be located within the State of Hawaii.

What about leasehold residences?

For leasehold properties, the remaining term of the lease must be at least 35 years and the lease rent must be fixed for no less than 10 years from the date of the Mortgage Loan (see your lender for details).

Are there other restrictions?

1. You must be an owner-occupant throughout the term of the Hula Mae Mortgage Loan or until the loan is paid in full. (This provision is strictly enforced and violation may cause the entire loan balance to become immediately due.)
2. Hula Mae Mortgage Loans must be secured by the property to be purchased.
3. Hula Mae Mortgage Loans cannot be used to:
 - a. refinance existing mortgages.
 - b. convert agreements of sale.
 - c. purchase fee simple title to leasehold properties.

Are there any restrictions on selling a home that is financed with a Hula Mae Loan?

You will be given a mortgage loan financed with the proceeds of tax-exempt bonds and will receive the benefit of a lower interest rate than is customarily charged on other mortgage loans. Should you sell or otherwise dispose of your home within nine years of purchase, this benefit may be "recaptured". The recapture will be accomplished by an increase in your federal income taxes for the year in which you sell your home. The recapture only applies, however, if you sell your home at a gain and if your income increases above specified levels.

Where can I get more information?

Detailed information about the Hula Mae Program may be obtained from any of the following participating lenders:

- American Savings Bank (808) 593-1226
- Bank of Hawaii (808) 694-1050
- Castle and Cooke Mortgage, LLC (808) 627-9834
- Central Pacific Bank (808) 356-4000
- First Hawaiian Bank (808) 643-4663
- Honolulu HomeLoans, Inc. (808) 681-7500



Hula Mae Information Line – (808) 587-0567

If you require special needs/auxiliary aids (i.e. large print, taped materials, sign language interpreter, etc.), call the HHFDC Finance Branch at (808) 587-0567.