



## HALE KAMA'ĀINA MORTGAGE PROGRAM

### ***What is the Hale Kama'āina Mortgage Program?***

The Hale Kama'āina Mortgage Program (the "Program") is a mortgage finance program designed to help first-time homebuyers in the State of Hawaii achieve affordable homeownership. The Program offers competitive fixed rate 30-year mortgages (Mortgage Loans) and optional down payment assistance loans (Second Mortgage Loans) to eligible borrowers.

### ***How does the Program work?***

Interested first-time homebuyers will apply for Mortgage Loans through a participating lender (Lender). The Lender will accept and review your application to determine if you qualify for the Program. If you qualify for the Program, the Lender will process your loan application and conduct a closing for you to purchase your home.

### ***What are the Mortgage Loan terms?***

The Mortgage Loan terms include a competitive fixed interest rate for 30 years. The interest rate is targeted to be at least 50 basis points below market. The actual rate difference will depend on market rate fluctuations. The Program is financed through tax-exempt bond proceeds, and the actual mortgage rate is based on the bond rate at the time of sale.

### ***What are the Second Mortgage Loan terms?***

Qualifying borrowers have the option to receive a 4% Second Mortgage Loan to go toward a down payment. To receive the Second Mortgage Loan, borrowers must contribute a minimum amount of 5% of the sales price toward the purchase. The Second Mortgage Loan will accrue simple interest at a rate of 1% per year and will not require periodic payments. It will become due in full upon Mortgage Loan maturity, sale, refinance, or other qualifying event of the home. Prepayment can occur at any time without penalty.

### ***Who qualifies as a borrower?***

A borrower qualifies for the Program if all the following eligibility criteria are met:

1. First-time Homebuyer\*
2. Household Income within limits
3. Purchase a property within limits
4. 18+ years old, Hawaii Residents, and U.S. Citizens or Resident Aliens
5. Received Recapture Tax Notice
6. Complete homeownership counseling through a HUD-certified housing counseling agency
7. Is financing a property that will be the eligible borrower's principal residence
8. Does not own in fee simple or leasehold any other residential property within the State **(Second Mortgage Loan only)**
9. Have not previously received a down payment loan from HHFDC's programs. **(Second Mortgage Loan only)**

\*A first-time homebuyer is someone who has not owned and occupied a property as their principal residence for at least three (3) years from the date of application. Exceptions may apply for Veterans or purchases in targeted areas. Targeted areas are federally designated economically disadvantaged areas for which household income and purchase price limits may be higher to increase borrower access. Consult a Lender for more information.

### ***What type of property may be purchased?***

Properties that can be purchased through the Program include new or existing single-family residences, townhomes, PUD's and condominiums. The property must be located within the State of Hawaii, be within the Program purchase price limits and have a remaining useful life of at least 30 years. The qualified borrower must intend to occupy the property within 60 days of loan closing and maintain the property as their primary residence for the duration of the Mortgage Loan.

### **What are the Household Income Limits?**

Household income limits are revised from time to time pursuant to U.S. Internal Revenue Service guidelines. Household income limits may differ between non-targeted and targeted areas and are determined based on the number of people in the household.

County	Non-Targeted Area Income Limits (Household Size)	Targeted Area Income Limits (Household Size)
Hawaii	\$123,000 (1-2 person) / \$141,450 (3 +)	\$147,600 (1-2 person) / \$172,200 (3 +)
Honolulu	\$152,000 (1-2 person) / \$174,800 (3 +)	\$182,400 (1-2 person) / \$212,800 (3 +)
Kalawao	\$133,080 (1-2 person) / \$155,260 (3 +)	\$147,600 (1-2 person) / \$172,200 (3 +)
Kauai	\$159,480 (1-2 person) / \$186,060 (3 +)	Not Applicable**
Maui	\$161,520 (1-2 person) / \$188,440 (3 +)	\$161,520 (1-2 person) / \$188,440 (3 +)

\*\*There are no targeted area census tracts in the County of Kauai.

### **What are the Purchase Price Limits?**

Purchase price limits are revised from time to time pursuant to U.S. Internal Revenue Service guidelines. Purchase price limits may differ between non-targeted and targeted areas.

County	Non-Targeted Area Purchase Price Limits	Targeted Area Purchase Price Limits
Hawaii	\$593,364	\$725,222
Honolulu	\$809,458	\$989,337
Kalawao	\$1,141,360	\$1,394,995
Kauai	\$1,153,299	Not Applicable***
Maui	\$1,141,360	\$1,394,995

\*\*\* There are no targeted area census tracts in the County of Kauai.

### **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 intend to occupy the residence within 60 days of loan closing and be an owner-occupant for the duration of the Mortgage Loan or until the loan is paid in full. This provision is strictly enforced. Violation may cause the entire loan balance to become immediately due. HHFDC may grant a waiver of the owner-occupant requirement for a period not to exceed three years based on hardship, including but not limited to unforeseeable job or military transfer, serious illness of the qualified borrower, or any other hardship circumstance that HHFDC may determine on a case-by-case basis in its sole discretion.
2. Hale Kama'aina Mortgage Loans must be secured by the property to be purchased through first and second lien position as applicable for Mortgage Loans and DPA loans, respectively.
3. Hale Kama'aina Mortgage Loans cannot be used to:
  - a. refinance existing mortgages
  - b. convert agreements of sale
  - c. purchase fee simple title to leasehold properties
4. No more than 15% of the total area may be used in a trade or business.

### **Are there any restrictions on selling a home that is financed with a Hale Kama'aina Mortgage Loan?**

Your Mortgage Loan and Second Mortgage Loan, if applicable, will be financed with tax-exempt bond proceeds which allows you to benefit from 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". A recapture may occur if 1) you sell your home within the first nine years, and 2) your household income increases above program limits by at least 5% year over year, and 3) you recognize a gain on the sale of the home. For recapture to occur, all three events must happen at the same time. Consult with a tax advisor for guidance. Qualified borrowers will receive recapture notices at loan pre-closing and closing. Shared appreciation and buyback requirements do not apply to this Program.

### **Where can I get more information?**

Contact a Participating Lender or visit our website at <https://dbedt.hawaii.gov/hhfdc/hk-mortgage-program/>. A list of Participating Lenders is available on our website. Email us at [dbedt.hhfdc.mortgage@hawaii.gov](mailto:dbedt.hhfdc.mortgage@hawaii.gov) or call us at (808) 587-0578.

*If you require special needs/auxiliary aids (i.e. large print, taped materials, sign language interpreter, etc.), contact the HHFDC Finance Branch at [dbedt.hhfdc.mortgage@hawaii.gov](mailto:dbedt.hhfdc.mortgage@hawaii.gov) or 808-587-0620.*