



*Hale Kama'āina
Mortgage Program*

March 9, 2026



Who is HHFDC?

- **State Agency:** Attached to the Department of Business, Economic Development & Tourism
- **Primary Mission:** To advance housing opportunities for the residents of Hawaii
- Supports both rental and homeownership, with a focus today on helping families buy homes
- Expand access to safe, affordable homeownership throughout the State of Hawaii



Why Lenders and Agents Matter

- Homebuyers rely on them!
- Educate clients about program benefits
- Agents help match buyers with **participating** lenders
- Both are key allies in expanding access to ownership for local families



Hale Kama'āina Mortgage Program **BENEFITS**

- Pathway to Homeownership
- Competitive Mortgage Rates
- Low Upfront Costs
- Optional Downpayment Assistance
- Up to 100% CLTV
- Statewide Availability

FIRST ROUND HOMEBUYER INCENTIVE

- **Up to \$3,000** is available **to the first 35 homebuyers** who close their loans through the program.
- Can be **applied to closing costs, prepaids, and reserves**

MORTGAGE

Rates

A

- Competitive 30-year fixed rate mortgages

B

- GOVERNMENT LOANS
- USDA/VA/FHA
- 1st mortgage only - **5.40%**
- 1st and 2nd mortgage - **5.65%**

C

- CONVENTIONAL LOANS
- Fannie Mae/Freddie Mac
- 1st mortgage only – **5.70%**
- 1st and 2nd mortgage – **5.95%**

D

- 1% origination fee to close the loan



DOWN PAYMENT ASSISTANCE (Second Mortgage Loan)



1. ASSISTANCE

Borrowers may receive a second mortgage loan equal to 4% of the mortgage loan amount to be used toward a down payment

2. TERMS

Soft second mortgage loan with 1% simple interest. No monthly payments. Due upon first upon mortgage maturity, sale, refinance, or transfer of the property.

3. PREPAYMENT

Prepayment of the loan may be made at any time without penalty.

4. MINIMUM BORROWER CONTRIBUTION*

Borrowers must contribute 5% of the sales price to qualify for the second mortgage

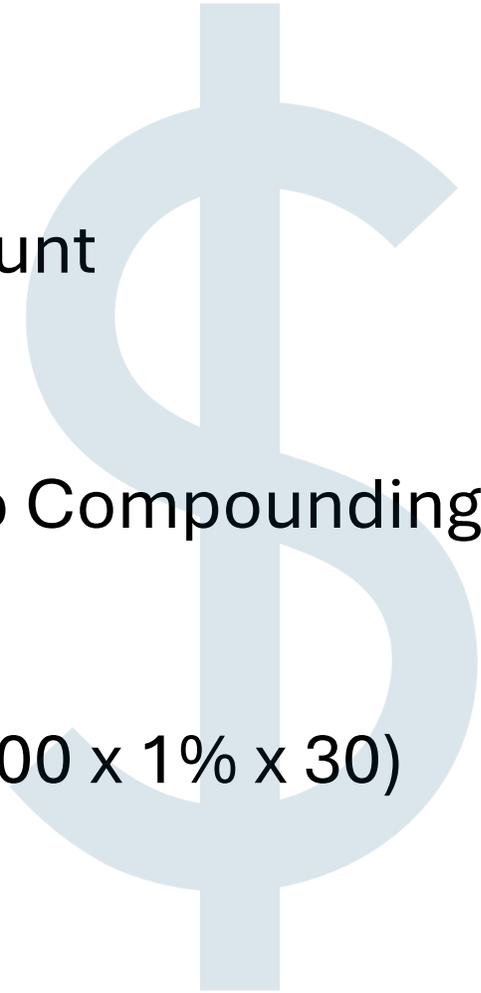
*Borrowers do not have to meet the 5% minimum contribution requirement if they do not opt for the second mortgage.

SECOND MORTGAGE LOAN

Simple Interest Calculation



- Assume \$500,000 mortgage loan amount
- 4% of \$500,000 = \$20,000
- Simple interest rate of 1% per year. No Compounding.
- 30 Year Term
- Interest after 30 years is \$6,000 ($\$20,000 \times 1\% \times 30$)



1



Initial program size:
\$30 million for the
first round of funds.

2



HHFDC plans to
continue the program
into 2026 and beyond
with additional bond
issuances.

3



Expected continuous
availability of
mortgage funds

LOAN ELIGIBILITY GUIDELINES

1. Eligible Loan Types

FHA, VA, USDA-RD, Fannie Mae, Freddie Mac

2. Minimum FICO Score

660 or Above

3. Debt-to-Income

Maximum 45%

4. Purchase Price Limits

Vary by County and

Vary between Targeted and Non-Targeted Areas

5. Loan-to Value Ratio

Up to 100% CLTV

Eligible Borrowers

1. First-time Homebuyer: The borrower, including the spouse, must not have owned or held any interest in a principal residence within the past three (3) years*;
*Exceptions allowed for Veterans or Targeted Area Purchases;
1. At least 18 years old, Hawaii Resident, and U.S. Citizen or Resident Alien
2. Household Income within limits;
3. Purchase a property within limits;
4. Received Recapture Tax Notice;
5. Completed homeownership counseling through a HUD-certified counseling agency;
6. Does not own in fee-simple or leasehold other residential property within the state**
7. Has not previously received a down payment loan from HHFDC**

**requirements apply to second mortgage loans only; not applicable to the first mortgage.

ELIGIBLE PROPERTIES

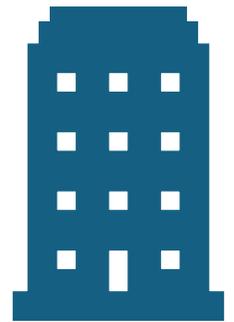


New or existing, attached or detached, one-unit:

- Single Family Homes
- Town homes
- Planned Unit Developments
- Condominiums

Emphasis on one-unit dwellings.

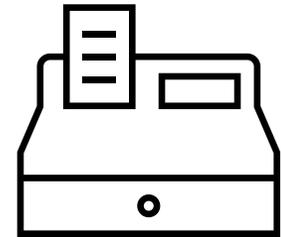
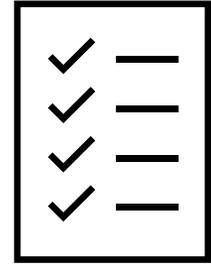
Not available for two+ unit dwellings.



PROPERTY USE REQUIREMENTS

- ❑ Homebuyer(s) must occupy the property as their principal residence within 60 days of loan closing.
- ❑ Homebuyer(s) must maintain the property as their primary residence for the duration of the loan, barring unforeseen circumstances. Exceptions may be granted by HHFDC on a case-by-case basis.
- ❑ The property cannot be used as an investment property, vacation home, or rental.
- ❑ Any property in which more than 15% of the total area will be used in a trade or business is ineligible.
- ❑ Properties sold within the first nine years may be subject to recapture tax. Recapture tax is triggered when three events occur at the same time:
 1. Home is sold within first nine years, *and*
 2. A gain is recognized on the sale of the home, *and*
 3. The household income has increased significantly (5% year over year)

Recapture tax questions should be directed to **a tax advisor**.



TARGETED AREAS*

- Economically disadvantaged areas
- Areas identified by Census Tract
- Higher income and purchase price limits allowed to promote homeownership
- First-time homebuyer requirement may be waived

NON-TARGETED AREAS

- Not economically disadvantaged
- Standard income and purchase price limits

***At least 20% of the MRB funds must be set aside for a minimum period of one (1) year. This issuance will set aside \$6 million.**

TARGETED AREA CENSUS TRACT

C&C of Honolulu

Census Tract / Location

21.01	Kapahulu
24.04	Moiliili
34.08	Punchbowl
38.01	Kakaako – Downtown
52.00	Downtown
53.00	Downtown
54.00	Kalihi- Palama
59.00	Kalihi - Palama
62.02	Kalihi Valley
63.02	Kalihi Valley
70.01	Salt Lake
70.02	Salt Lake
87.05	Waipahu
93.01	Wahiawa
95.07	Schofield Barracks *
95.10	Schofield Barracks*
95.11	Schofield Barracks*
9817.00 & 9818.03	Marine Corps Base

County of Maui

Census Tract / Location

318.01	West Molokai
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County of Hawaii

Census Tract / Location

211.01	Kalapana-Kapoho
211.07	Kilauea-Paho
211.08	Pahoa-Makai

County of Kauai

Census Tract / Location

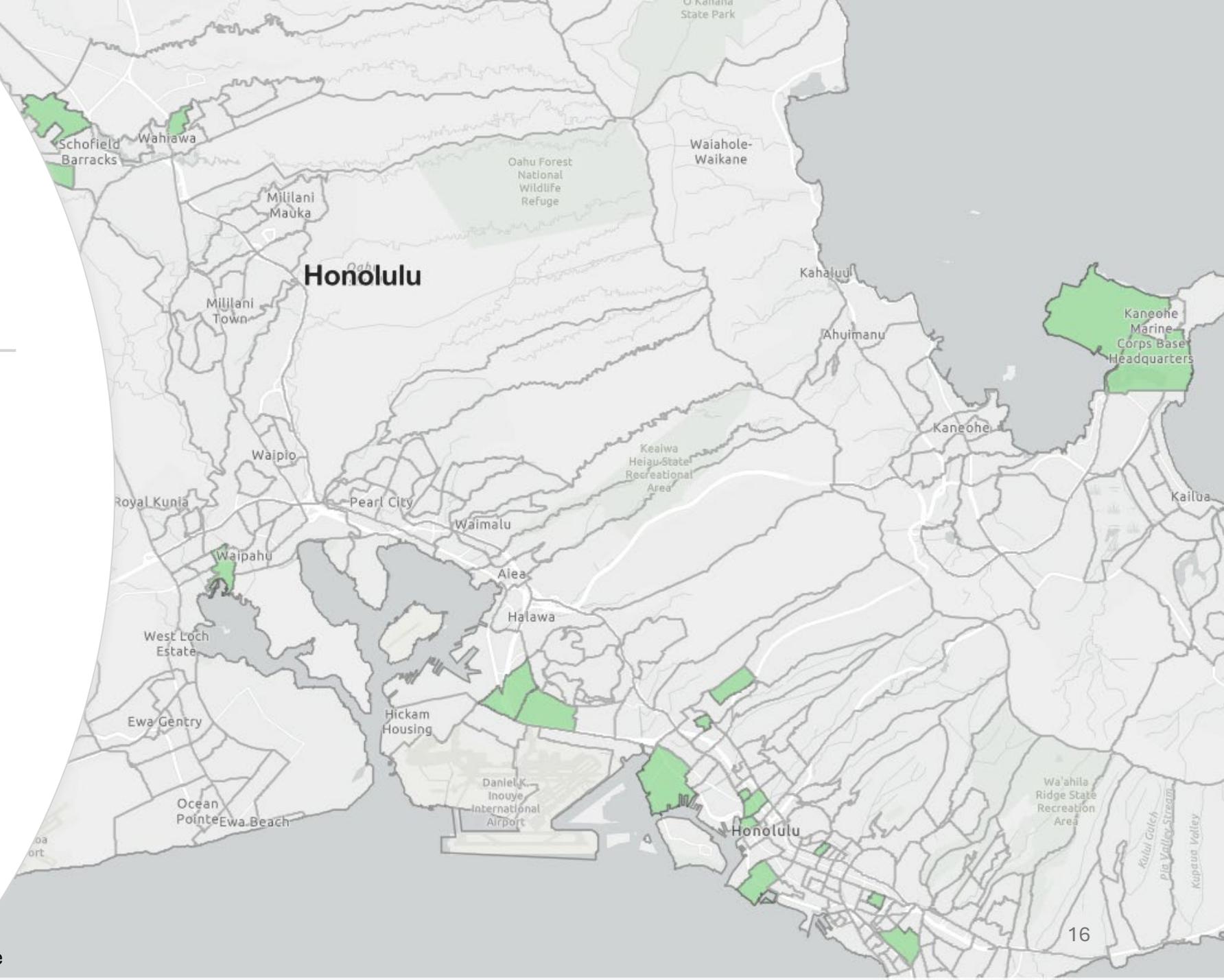
None	None
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City & County

Honolulu

Census Tracts:

- 21.01 - Kapahulu
- 24.04 - Moiliili
- 34.08 - Punchbowl
- 38.01 - Kakaako - Downtown
- 52.00 - Downtown
- 53.00 - Downtown
- 54.00 - Kalihi - Palama
- 59.00 - Kalihi - Palama
- 62.02 - Kalihi Valley
- 63.02 - Kalihi Valley
- 70.01 - Salt Lake
- 70.02 - Salt Lake
- 87.05 - Waipahu
- 93.01 - Wahiawa
- 95.07 - Schofield Barracks
- 95.10 - Schofield Barracks
- 95.11 - Schofield Barracks
- 9817.00 & 9818.03 - Marine Corps Base, Kaneohe



2025 Purchase Price Limits

ELIGIBLE PURCHASE PRICE LIMITS

(Updated Annually)

COUNTY	Non-Targeted Area	Targeted Area
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

2025 Family Income Limits

HOUSEHOLD INCOME LIMITS

(Updated Annually)

COUNTY	Non-Targeted Area	Targeted Area
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+)

Hale Kama'āina Mortgage Program

Save More vs. Conventional Loans

Item / Conventional Loan	Bank Loan	HHFDC Loan
Interest Rate	5.75%	5.70%
Upfront Fee	\$13,500	\$6,000
Monthly Payment	\$3,501.44	\$3,482.40
Monthly Savings	—	\$19.04
First-Year Savings	—	\$7,728.48
Five-Year Savings	—	\$8,642.40

Why HHFDC Saves You More

1. Lower Upfront Costs

Banks often charge discount points to offer reduced interest rates. In the above comparison, the bank charges a 2.25-point (\$13,500) fee, while HHFDC only charges a 1-point (\$6,000) fee. This **saves borrowers \$7,500 immediately** at closing.

2. Lower Monthly Payments

HHFDC's slightly lower interest rate reduces borrower monthly payment by \$19.04 – adding up to more than \$1,142 in five years.

Recap of Program Highlights

1ST ROUND HOMEBUYER INCENTIVES

THE FIRST 35 HOMEBUYERS WILL RECEIVE UP TO \$3,000 FOR CLOSING COSTS, PREPAIDS, AND RESERVES

COMPETITIVE MORTGAGE RATES

REDUCE BOTH MONTHLY PAYMENTS AND TOTAL INTEREST COSTS OVER THE LIFE OF THE LOAN

STRAIGHT FORWARD FINANCING

HOMEBUYERS WITH FICO SCORES OF AT LEAST 660 LOCK THE COMPETITIVE RATES
NO ADJUSTMENTS FOR HIGHER SCORES
20% DOWN PAYMENTS NOT REQUIRED TO LOCK RATES

PATHWAY TO HOMEOWNERSHIP

LOWER UPFRONT COSTS MINIMIZE BARRIERS TO AFFORDABLE HOMEOWNERSHIP

OPTIONAL DOWN PAYMENT ASSISTANCE

REDUCES FIRST MORTGAGE PRINCIPAL AND LOWERS MONTHLY PAYMENTS
BORROWERS CAN CHOOSE TO RECEIVE DOWN PAYMENT ASSISTANCE AS A SECOND MORTGAGE

FLEXIBILITY

FIVE LOAN TYPES ARE ELIGIBLE, EXPANDING BORROWER ACCESS.
GOVERNMENT: FHA, USDA, VA,
CONVENTIONAL: FREDDIE, FANNIE

How to apply

Before promoting these options to clients, confirm they meet the program's core eligibility requirements.

1

First confirm your client meets the program's requirements, and they have found a property of their interest.

2

Refer clients to a Participating Lender, a list of is available on HHFDC's website.

3

Clients will complete the application process through the Participating Lender.

4

The Participating Lender will reserve loan funds and close the loan.

Go to: dbedt.Hawaii.gov/hhfdc/hk-mortgage-program



- **EMAIL:** dbedt.hhfdc.mortgage@hawaii.gov
- **WEBSITE:** <https://dbedt.hawaii.gov/hhfdc/hk-mortgage-program/>
- **PHONE:** (808) 587-0578