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HAWAII HOUSING FINANCE & DEVELOPMENT CORPORATION

Hale Kamaʻāina Mortgage Program Lender Training

January 28, 2026

The Webinar will begin at 5 minutes past call start time.

eHOUSINGPLUS
Program Management Specialists

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Hale Kamaʻāina Mortgage Program
"Bond" Program

Section 143 of the Internal Revenue Code (IRC) governs the use of tax-exempt mortgage revenue bonds for single-family housing. **Hale Kamaʻāina is a "bond" program.**

HHFDC issues tax-exempt mortgage revenue bonds. Because the interest earned by investors on these bonds is exempt from federal income tax, HHFDC can offer mortgage loans to qualifying borrowers at below-market interest rates and, in many cases, provide down payment and closing cost assistance.

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Hale Kamaʻāina Mortgage Program
"Bond" Program

Section 143 of the Internal Revenue Code (IRC) establishes federal requirements that apply to a Bond program, such as:

- First-time Buyer Requirement
- Income Limits
- Purchase price Limits
- Owner Occupancy Requirement
- Recapture Tax

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Eligible Loan Products

- FHA
- USDA-RD
- VA
- Fannie Mae HFA Preferred
- Freddie Mac HFA Advantage

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Hale Kamaʻāina Mortgage Program

Two Options

Option #1 – Unassisted Rate

Borrower receives 30-year, fixed rate first mortgage with **NO program assistance.**

Follow Agency and GSE guidelines for minimum borrower contribution.

Option #2 – Assisted Rate

Borrower receives 30-year, fixed rate first mortgage with **4% of down payment assistance.**

HHFDC minimum borrower contribution of 5% of the sales price. Program DPA may not be used to satisfy this requirement.

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Second Mortgage Assistance

- Assistance is in the form of a 1% Interest, 30-year deferred second mortgage.
- The Assistance is calculated as 4% of the total loan amount.
- Funded by the lender at closing and reimbursed by the Servicer upon loan purchase.
- Assistance may be used for down payment costs ONLY.
- No cash back permitted, the borrower may be reimbursed for any overpayment of escrow.
- Any remaining Assistance must be applied as a principal reduction.

Assistance **CANNOT** be used for:

- the program 5% minimum contribution
- the cost difference between the sales price and the appraised value
- to pay off borrower debt

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Second Mortgage Assistance

The second mortgage will be due from the borrower:

- at the end of 30 years;
- If the first mortgage is refinanced or otherwise repaid;
- If the borrower no longer occupies the home as their principal residence;
- If the borrower sells, transfers or otherwise disposes of the property, including foreclosure;
- If there is a default under the first mortgage loan or the second mortgage loan.

The interest may be forgivable after the 10th year, provided the Borrower remains in full compliance with all terms and conditions

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Second Mortgage Assistance

The second mortgage may be disclosed one of two ways:
1.Initial and final LE and CD provided by the lender or title company (separate from the first mortgage LE and CD - the ALTA is not acceptable), **OR**
2.Second Loan Disclosure form signed at closing (this form is found within the eHProforms)

The second mortgage is to be recorded after closing. No title policy is required for second mortgage. The Servicer reviews all second mortgage documents.

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Minimum Borrower Contribution

Borrowers must contribute their own funds toward the transaction.

If the borrower is receiving Program down payment assistance, they must provide at least 5% of the sales price.

If no Program down payment assistance is received, there is no program required minimum borrower contribution other than what is required by the Agency or GSE.

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First-Time Buyer Requirement

Buyers using Program DPA: A first-time homebuyer means the borrower must have had **no ownership interest in any residence** at any time during the three (3) year period prior to the date on which the Mortgage Loan is executed.

Buyers NOT using Program DPA: A first-time homebuyer means the borrower must have had **no ownership interest and occupied a principal residence** at any time during the three (3) year period prior to the date on which the Mortgage Loan is executed.

Bond Program

Both borrower **and spouse** must meet this requirement.

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ALL buyers must:

- be a resident of the State of Hawaii for at least six consecutive months prior to the date of closing.
- occupy the property purchased as a primary, full-time residence within 60 days of closing.
- not rent the property (either in whole or a room), the Servicer may foreclose.

ONLY buyers receiving Program DPA must:

- contribute at least 5% of the sales price toward the purchase of the home.
- not own a fee simple or in leasehold any other residential property within the State.
- not have previously received a downpayment loan from HHFDC's program under Chapter 15-169, Downpayment Loan Program.

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Verification of the first-time buyer requirement

- **Fraud Report for all borrowers**
  - Include ALL pages of the Fraud Report. The Lender must CLEARLY identify (using highlight or asterisks) the borrower property current ownership and three-year history. On page one of the report, please include notation to identify the Fraud Report page number, without this identification, the file cannot be compliance approved.

- **Real Property Search**
  - Required for a non-purchasing spouse in the county of which the NPS lives.
  - Must be printed and included as part of the eHP compliance file submitted by your post closer.

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Verification of the first-time buyer requirement

Fraud Report Tips

- Companies that provide the Fraud Report include Lexis Nexis, Drive (Data Verify) and Fraud Guard (First American Data).
- Ensure that the Fraud Report is complete and includes the section for Real Estate Owned. This information is not always provided as part of a standard report and must be included.
- A MERS-only report is not acceptable, as it reflects only loans registered with MERS and does not capture all existing loans.

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Documentation Required to Validate Hawaii Residency

All buyers must be residents of Hawaii for a period of at least six consecutive months prior to the date of closing. Residency is established with State of Hawaii identification and/or a State of Hawaii tax return (full or partial year).

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Exception to 1st time buyer requirement.

#1 Borrowers purchasing in a Targeted Area.

#2 Borrowers using the Veterans Exception.

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FIRST-TIME BUYER REQUIREMENT WAIVER – TARGETED AREAS



Determined by **HUD.**

Considered economically distressed and may have low loan origination.

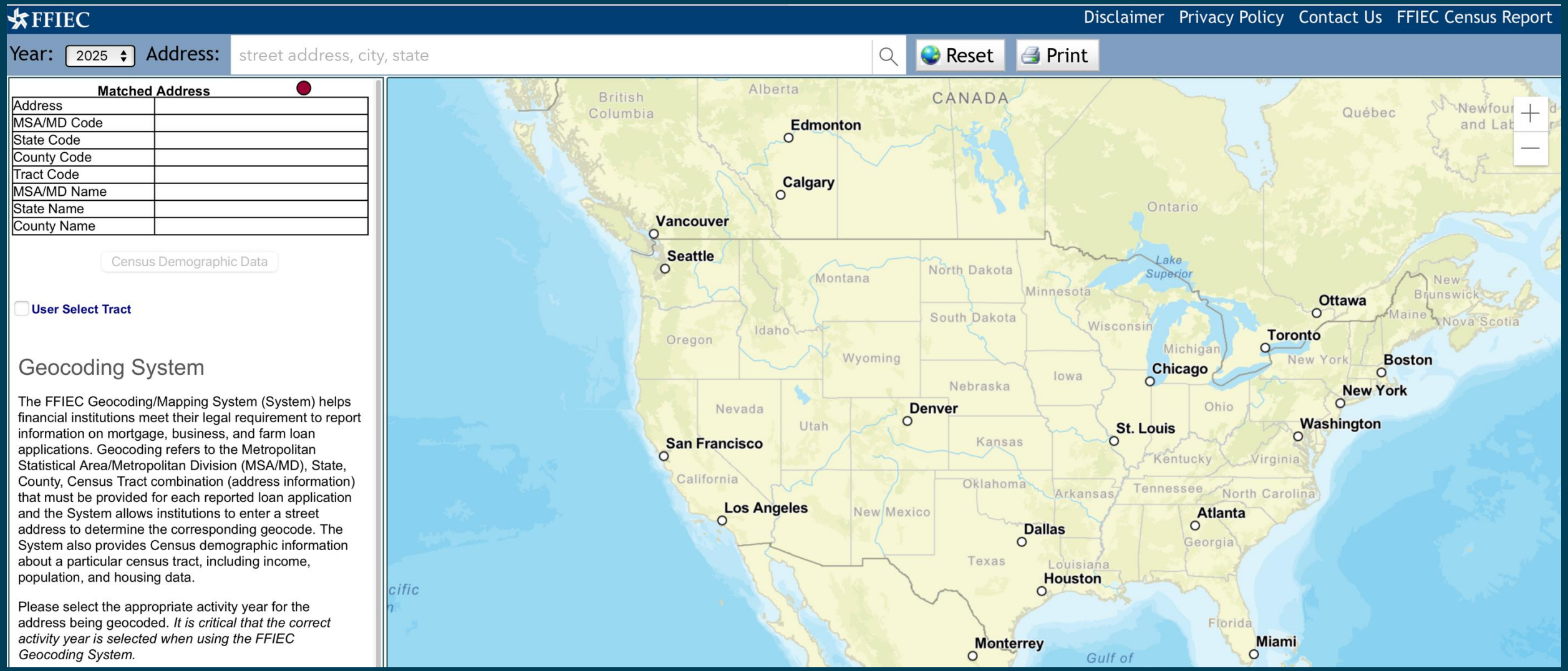
- Income and sales price limits are higher.

Census tract numbers, provided by HUD, may be found in the guidelines.

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To look-up census tract number, go to: https://geomap.ffiec.gov/ffiecgeomap/
Enter property address.



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FFIEC

Disclaimer Privacy Policy Contact Us FFIEC Census Report

Year: 2025 Address: 677 Queen St, Suite 300, Honolulu, HI, 96813, USA Reset

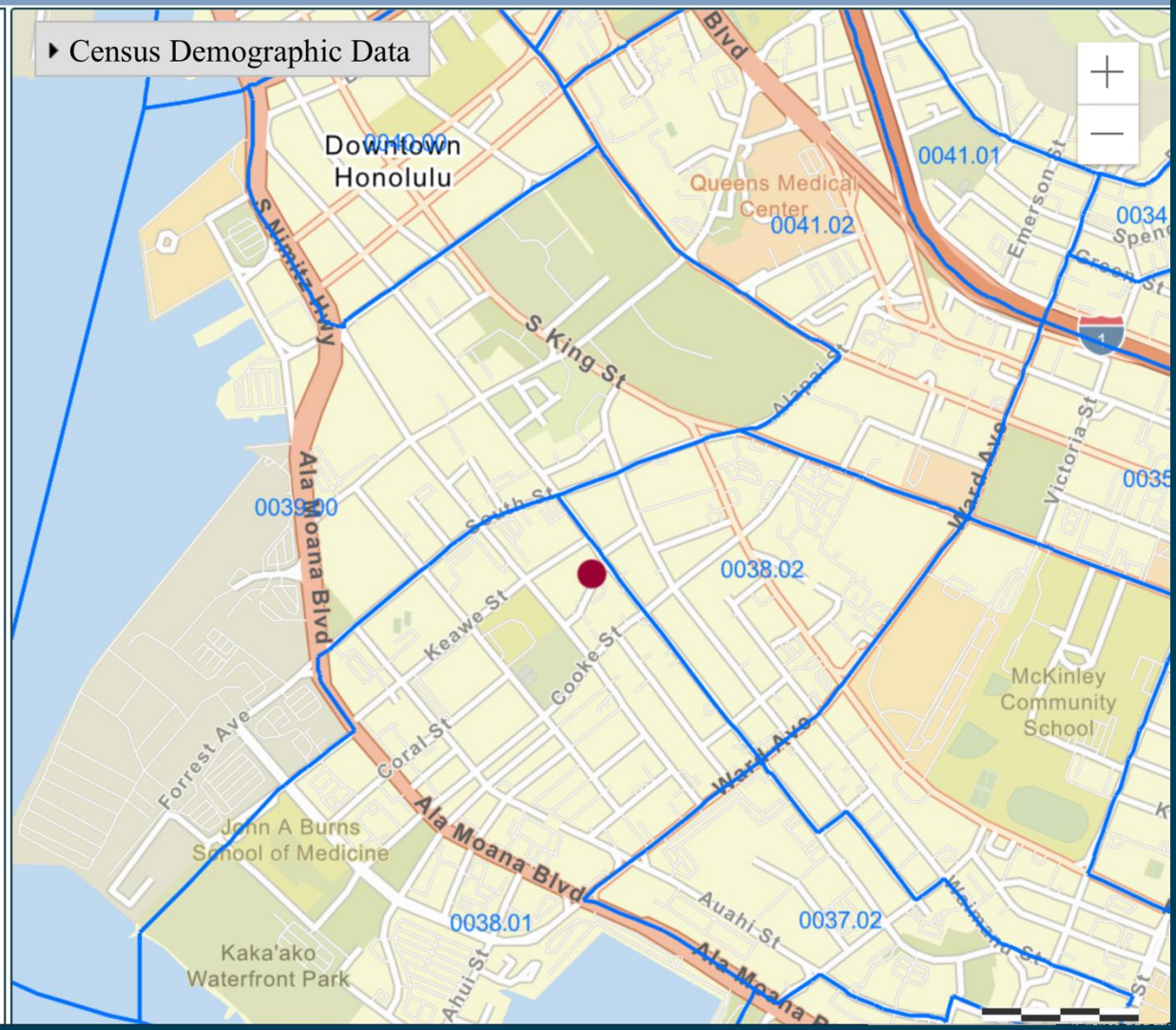
Print

Matched Address

Address	677 Queen St, Suite 300, Honolulu, Hawaii, 96813
MSA/MD Code	46520
State Code	15
County Code	003
Tract Code	0038.01
MSA/MD Name	URBAN HONOLULU, HI
State Name	HAWAII
County Name	HONOLULU COUNTY

Census Demographic Data

User Select Tract



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FFIEC

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Year: 2025 Address: 677 Queen St, Suite 300, Honolulu, HI, 96813, USA Reset

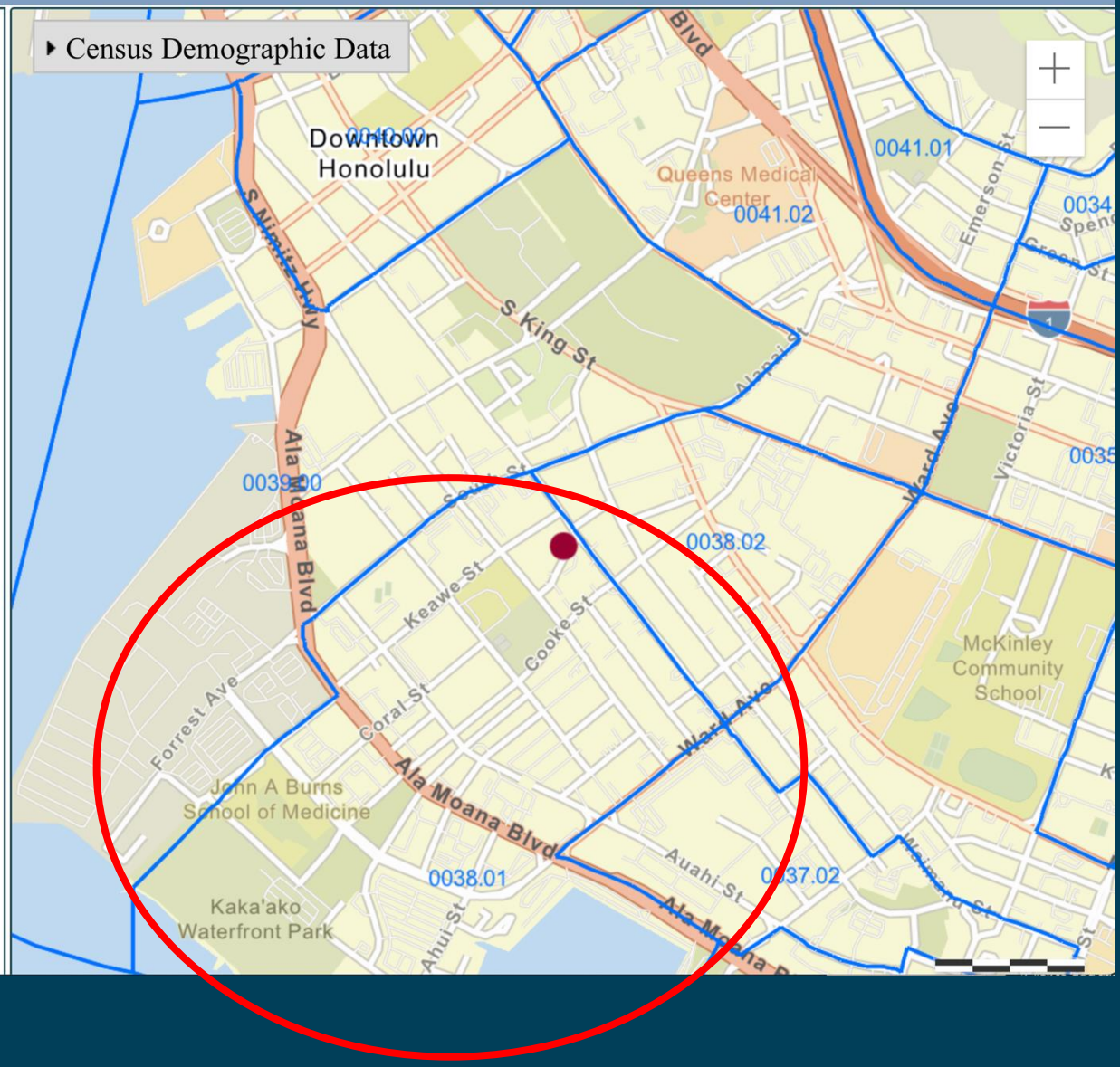
Print

Matched Address

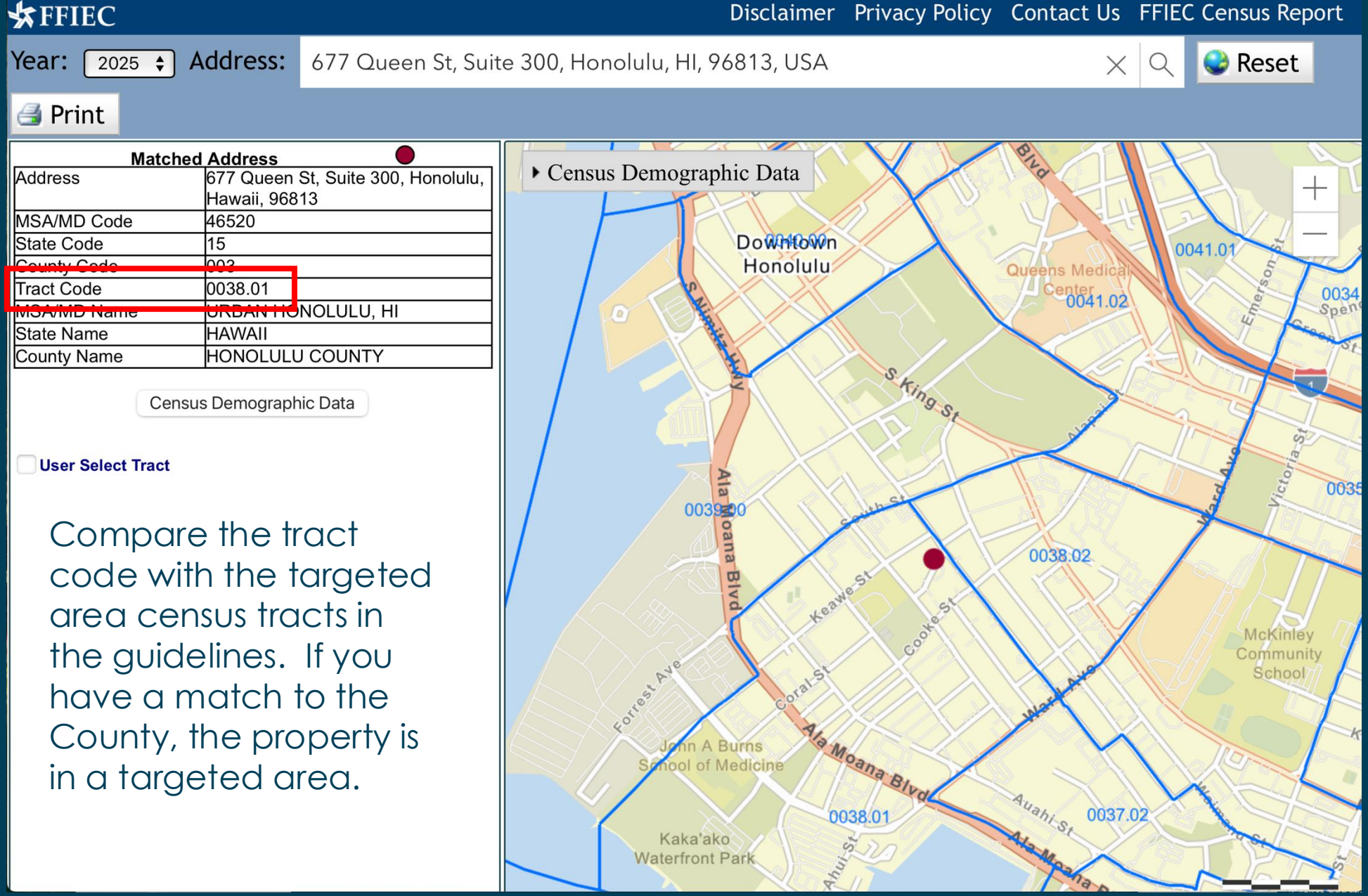
Address	677 Queen St, Suite 300, Honolulu, Hawaii, 96813
MSA/MD Code	46520
State Code	15
County Code	003
Tract Code	0038.01
MSA/MD Name	URBAN HONOLULU, HI
State Name	HAWAII
County Name	HONOLULU COUNTY

Census Demographic Data

User Select Tract



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Compare the tract code with the targeted area census tracts in the guidelines. If you have a match to the County, the property is in a targeted area.

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Fraud Report Tips

- Companies that provide the Fraud Report include Lexis Nexis, Drive (Data Verify) and Fraud Guard (First American Data).
- Ensure that the Fraud Report is complete and includes the section for Real Estate Owned. This information is not always provided as part of a standard report and must be included.
- A MERS-only report is not acceptable, as it reflects only loans registered with MERS and does not capture all existing loans.

Documentation Required to Validate Hawaii Residency

All buyers must be residents of Hawaii for a period of at least six consecutive months prior to the date of closing. Residency is established with State of Hawaii identification and/or a State of Hawaii tax return (full or partial year).

FIRST-TIME HOMEBUYER EXCEPTIONS

Veterans' Exception

Veterans who meet the qualifications listed in this paragraph are not required to be first-time homebuyers. For this feature, "Veteran" is defined as "a person who served in the active military, naval or air service, and who was discharged or released therefrom under conditions other than dishonorable": The Mortgagor Affidavit has a checkbox that states: "If the Mortgagor is a qualified veteran, as defined under 38 U.S.C. §101 and Section 143(d)(2)(D) of the Internal Revenue Code, the first-time homebuyer requirement is waived, provided the Mortgagor has not previously received a mortgage revenue bond loan utilizing the veteran exception." Veterans would need to provide a valid DD214 that reflects a discharge status of other than dishonorable to qualify under the Veterans' Exemption.

Targeted Area Qualified Census Tracts

Buyers purchasing a home in a Targeted Area are exempt from providing documentation to validate first-time homebuyer eligibility. Targeted Areas are Qualified Census Tracts and Areas of Chronic Economic Distress which are listed below. Click here to look up property. Compare the tract to the allowable targeted area census tracts listed below. If you find a match, the property is located in a targeted area. When reserving funds, choose from the TARGETED AREA rate/offering. Per Revenue Proclamation 2024-8, the following census tracts constitute the Targeted Areas for this program:

City and County of Honolulu	
Census Tract	**Location**
21.01	Kapahulu, Oahu
24.04	Moiliili, Oahu
34.08	Punchbowl, Oahu
38.01	Kakaako - Downtown, Oahu
52.00	Downtown, Oahu
53.00	Downtown, Oahu
54.00	Kalihi – Palama, Oahu
59.00	Kalihi – Palama, Oahu

62.02	Kalihi Valley, Oahu
63.02	Kalihi Valley, Oahu
70.01	Salt Lake, Oahu
70.02	Salt Lake, Oahu
87.05	Waipahu, Oahu
93.01	Wahiawa, Oahu
95.07	Schofield Barracks, Oahu*
95.10	Schofield Barracks, Oahu*
95.11	Schofield Barracks, Oahu*
9817.00	Marine Corps Base Hawaii – Kaneohe, Oahu*
9818.03	Marine Corps Base Hawaii – Kaneohe, Oahu*

County of Hawaii	
Census Tract	**Location**
211.01	Kalapana-Kapoho, Hawaii
211.07	Kilauea-Pahoa, Hawaii
211.08	Pahoa-Makai, Hawaii

County of Kauai – No Targeted Areas

County of Maui	
Census Tract	**Location**
318.01	West Molokai, Molokai

***Property is located on a Military Base**

Minimum Credit Score, DTI and Combined Loan to Value (CLTV)

The program requires a minimum FICO credit score of 660 and a maximum debt-to-income ratio of 45%. AUS approval is required however manual underwriting may be approved by The Money Source. Contact The Money Source for manual underwriting information, click here. The Combined Loan-To-Value (CLTV) cannot exceed 100%.

First-time buyer requirement waiver – VETERANS EXCEPTION

Borrowers must be a Veteran and not active duty to receive the 1st time buyer waiver.

Must not have previously received a loan under this exception or obtained a loan financed by single family mortgage revenue bonds or a mortgage credit certificate utilizing this exception.



Borrowers **DO NOT** need to use a VA loan to receive the Veterans Exception. But they must be a Veteran and not active duty.

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Minimum FICO – 660
AUS approval required

Maximum DTI – 45%

Max CLTV 100%

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Homebuyer Education

All buyers (any person on title to the property) must successfully complete a homeownership counseling program. This applies to all borrowers and not cosigners.



The Homebuyer Education course must satisfy standards defined by Housing and Urban Development (HUD)



Post-closing education is *absolutely unacceptable*.



Education providers found in guidelines.

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ALL loans are underwritten by the lender using standard credit underwriting guidelines and Program overlays and Servicer overlays.



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NON-OCCUPANT Co-Signers

- The co-signer is a loan guarantor.
- Cannot have any ownership interest in the property (they cannot be on the mortgage/deed/warranty deed).
- Cannot live in the property.
- Does NOT need to be a first-time homebuyer.
- Does NOT need to meet the Hawaii residency requirement.
- A co-signer's information will be entered in the eHPortal to appear on the 2nd mortgage Note and the co-signer affidavit.

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NOT ALLOWABLE NON-OCCUPANT CO-BORROWER

Non-Occupant Co-Borrower means a borrower who will not occupy the property and can take an ownership interest in the property. Non-occupying co-borrowers execute the note (first and second mortgage note) and may appear on deed and this is why they are NOT allowable.

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INCOME LIMITS

Where can I find the Hale Kama‘āina Program income limits?

In the eHP Administrator Guidelines.



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HOUSEHOLD INCOME LIMITS
GOVERNMENT AND CONVENTIONAL LOANS

To determine the number of people in the household include everyone who will live in the home as their principal residence.

County	Non-Targeted 1 - 2 Person HH	Non-Targeted 3 or more Person HH	Targeted 1-2 Person HH	Targeted 3 or more Person HH
Hawaii	$123,000	$141,450	$147,600	$172,200
Honolulu	$152,000	$174,800	$182,400	$212,800
Kalawao	$133,080	$155,260	$147,600	$172,200
Kauai	$159,480	$186,060	$159,480	$186,060
Maui	$161,520	$188,440	$161,520	$188,440

INCOME THRESHOLD TO RECEIVE REDUCED MORTGAGE INSURANCE
CONVENTIONAL LOANS ONLY

The Fannie Mae HFA Preferred and Freddie Mac HFA Advantage loan products offer reduced Mortgage Insurance (MI) premium for borrowers with income at or below 80% of AMI. Borrowers with income above 80% AMI will pay standard mortgage insurance. Lenders should reference their LP/LPA findings to determine if borrowers qualify for the reduced cost MI as well as the income chart below.

County	Reduced Mortgage Insurance Income Limit
Hawaii	$82,320
Honolulu	$103,440
Kalawao	$88,720
Kauai	$106,320
Maui	$88,720

Income Limits are for the household.

Separated by Non-Target and Targeted Areas.

And separated by number of persons in the household.

80% AMI or Lower limits for Conventional Loans are shown are ALREADY calculated. Borrowers with this income are eligible for reduced mortgage insurance.

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INCOME CALCULATION

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- CURRENT income that is annualized.
- Income is not averaged.



- Borrower
- Spouse
- Everyone 18 years of age or older who will live in the home must be included.



Must include ALL forms of income (bonuses, overtime, social security income, alimony, child support, etc). The total of all income must not exceed the program income limit.

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Borrower and adult living in the home.

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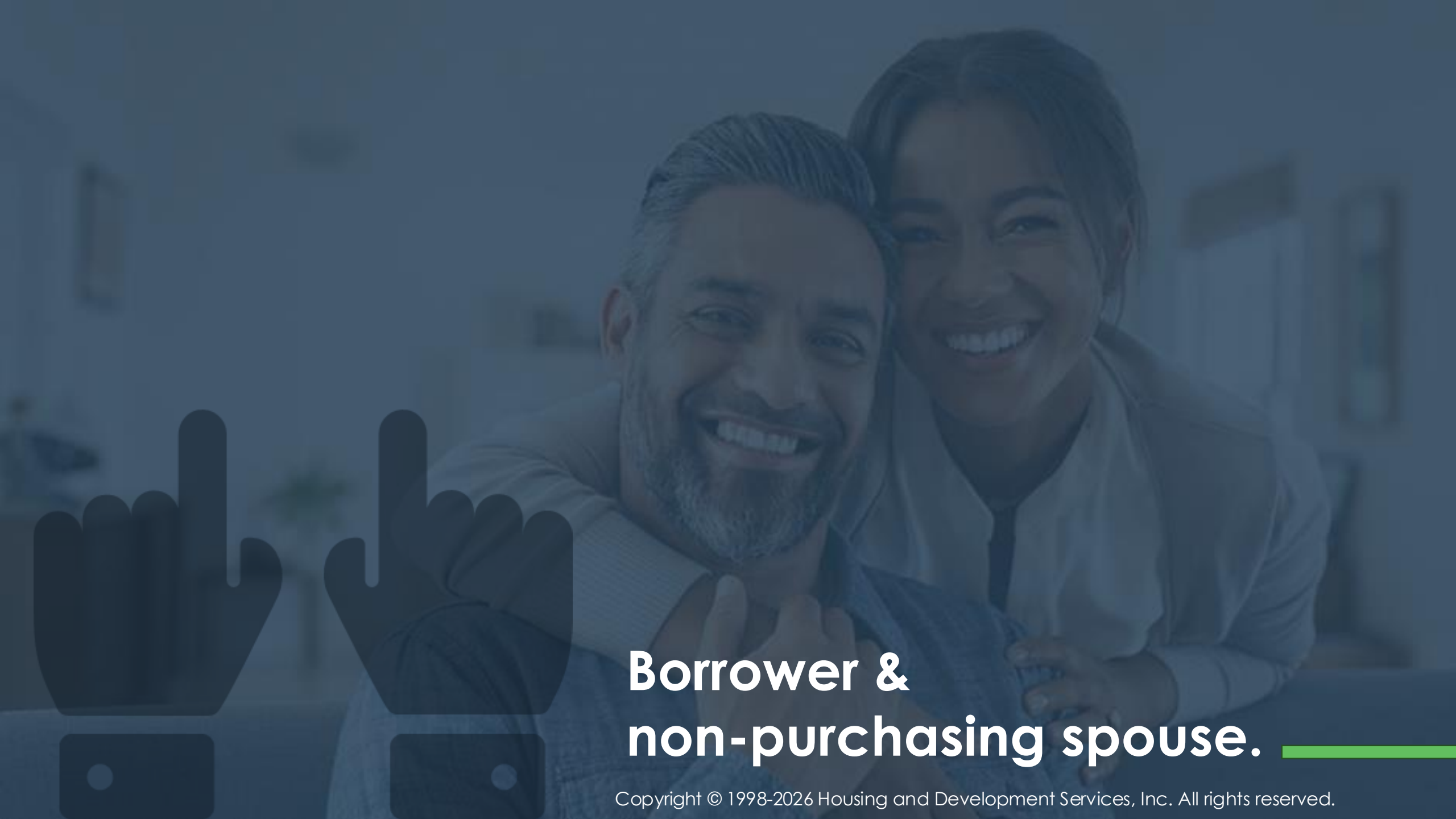
INCLUDE:
Borrower + Other Occupant income

Why?
The Bond Program requires a lender to include the borrower and everyone 18 years of age or older who will occupy the home.

INCLUDE:
All forms of income. Credit Qualifying income may be less than the Program income.



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Borrower & non-purchasing spouse.

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- Include income from the borrower and non-purchasing spouse.



INCLUDE:
All forms of income. Credit Qualifying income may be less than the Program income.



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Borrower with a Non-Occupant Co-Signer.

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CO-SIGNOR INCOME GOVERNMENT LOANS

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Do I include the co-signor income to determine program eligibility?

No, the co-signor will not occupy the property.



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CO-SIGNOR INCOME CONVENTIONAL LOANS

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Do I include the co-signor income to determine program eligibility?





Conventional Loans - YES, include the income of the co-signer to determine program eligibility. This is because, all borrower income is used to determine the AMI.

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