

House District 27  
Senate District 13

THE TWENTY-EIGHTH LEGISLATURE  
APPLICATION FOR GRANTS  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No: \_\_\_\_\_  
For Legislature's Use Only

Type of Grant Request:

- GRANT REQUEST - OPERATING                       GRANT REQUEST - CAPITAL

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Recipient" means any organization or person receiving a grant.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

1. APPLICANT INFORMATION:  
Legal Name of Requesting Organization or Individual:  
Hawaiian Community Assets, Inc.  
Dba: N/A  
Street Address:  
200 N Vineyard Blvd #A300, Honolulu,  
Mailing Address: HI 96817  
Same

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:  
Name Jeff Gilbreath  
Title Executive Director  
Phone # 808.587.7653  
Fax # 808.628.6879  
E-mail jeff@hawaiiancommunity.net

3. TYPE OF BUSINESS ENTITY:  
 NON PROFIT CORPORATION INCORPORATED IN HAWAII  
 FOR PROFIT CORPORATION INCORPORATED IN HAWAII  
 LIMITED LIABILITY COMPANY  
 OTHER  
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:  
Housing Assistance Loans to Prevent Foreclosure for Low- and Moderate-Income Hawaii Homeowners

4. FEDERAL TAX ID #: \_\_\_\_\_  
5. STATE TAX ID #: \_\_\_\_\_

7. AMOUNT OF STATE FUNDS REQUESTED:  
FISCAL YEAR 2016: \$ 1,000,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:  
 NEW SERVICE (PRESENTLY DOES NOT EXIST)  
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:  
STATE \$ 0  
FEDERAL \$ 0  
COUNTY \$ 0  
PRIVATE/OTHER \$ 20,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:  
\_\_\_\_\_  
AUTHORIZED SIGNATURE

Jeff Gilbreath  
Executive Director  
NAME & TITLE

1/29/15  
DATE SIGNED



## Application for Grants

*If any item is not applicable to the request, the applicant should enter "not applicable".*

### I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

This proposal is submitted by nonprofit agencies, Hawaiian Community Assets (HCA) and Hawaii Community Lending (HCL). HCA and HCL have experience providing services and products detailed in this proposal for the noted target audience. HCA will serve as the proposal lead agency.

#### Hawaiian Community Assets

HCA is certified by the U.S. Department of Housing and Urban Development (HUD) as a nonprofit, 501(c)3 housing counseling agency. HCA's mission is to increase the capacity of low and moderate income communities and individuals in Hawaii to achieve and sustain economic self-sufficiency. Through its comprehensive service delivery model, HCA increases the success rate of its clients in achieving and sustaining permanent, affordable housing through a community outreach, training and technical assistance, place-based education and counseling, curriculum development, and asset building and lending programs.

Since 2000 HCA has served more than 14,000 low- and moderate-income Hawaii residents with free, HUD approved financial education and housing counseling successfully assisting 1,342 families secure or sustain affordable housing. During this period, HCA worked with a variety of program sponsors, including Hawaiian Home Lands, Counties of Kauai and Hawaii, and Federal Departments of Housing

worked alongside HCA to help 1,342 families secure or sustain affordable housing, assisting an estimated 4,429 low-income children and adults realize stable, affordable housing.

In 2014, HCL was founded as a lending subsidiary of its parent nonprofit corporation, HCA. Under this new business model, HCL partners with HCA to implement a comprehensive service delivery model that includes HUD housing counseling and financial products. Revenue generated by HCL goes to support free financial education for Hawaii's children and families. The partnership between HCA and HCL has established a sustainable path to affordable homeownership for low-income Hawaii families, effectively moving our people from the beach to the biggest investment in their lifetime – a home.

In May 2014, HCA and HCL created the Mortgage Debt Reduction Loan product to be administered in partnership with the State Department of Hawaiian Home Lands. The product provides up to \$30,000 in loan capital for mortgage reinstatement for native Hawaiian Homelands homeowners using Native Hawaiian Housing Block Grant funds. HCA and HCL anticipated providing 30 of these loans in total through the 2015 calendar year. On July 1, 2014, HCA and HCL established its Housing Assistance Loan product to provide up to \$10,000 in loan capital to assist low- and moderate-income homeowners reinstate their mortgage loans to prevent foreclosure. The Housing Assistance Loan has been piloted successfully, having assisted 2 homeowners prevent foreclosure.

2. The goals and objectives related to the request;

The proposal's goal is to assist 50 low- and moderate-income Hawaii homeowners prevent foreclosure. The primary strategy to achieve this goal will be to offer Hawaii homeowners Housing Assistance Loans up to \$20,000 for mortgage reinstatement. The unsecured loans will be fixed at 6% APR with a 1% closing fee over a term up to 60 months and originated, serviced, and managed by HCL in a



overcrowded high-priced rental housing to survive. Stories of homeowners losing their long-time family homes became the norm in our TV, radio, and print media.

By January 2011, Hawaii reported the 11<sup>th</sup> highest foreclosure rate in the nation. According to the Center for Responsible Lending, foreclosures had increased by 687 percent from 2008 and wiped out \$15 billion in home equity for our homeowners. In response to the foreclosure crisis, Hawaii's Legislators, financial institutions, and HUD housing counseling agencies came together to act in the best interest of the Hawaii people. On May 5, 2011, Governor Neil Abercrombie signed Act 48 into law after passage through the Hawaii State Legislature. The Act set in place a dispute resolution process and promoted HUD approved housing counseling to address the extremely high foreclosure rates in our state. By January 2012, the legislation had proven successful in reducing foreclosures in Hawaii by an astounding 50 percent from the year prior (RealtyTrac, January 2012). The agony of long-time homeowners losing their family homes or children and their parents forced to live in transitional shelters and high-priced rental housing due to foreclosure were finally starting to subside.

Furthering our recovery from the foreclosure crisis, the largest settlement in the history of the United States took place in 2012 between the 5 largest financial institutions and 49 Attorneys General. The Settlement extracted \$25 billion from the financial institutions to be passed on to states for free, HUD housing counseling and legal services for homeowners across the nation. While many State Attorneys General reallocated funds to plug budget deficits, Hawaii's Attorney General invested \$3 million over 3 years in HUD housing counseling to prevent foreclosure and launch the Hawaii Foreclosure Information Center.

Despite the success of Act 48 and investments in HUD housing counseling in reducing Hawaii's foreclosure rate, our state continues to report the highest rate of foreclosure - 5.4% of all mortgage loans - than any of the 9 states within the



Honolulu	36%
Kauai	29%
Maui	0%

RealtyTrac vice president, Darin Bloomquist, attributes this recent increase in foreclosures to “a certain number of properties that don't qualify for any program to avoid foreclosure.” Hawaii remains one of few states in the nation that does not have a mortgage reinstatement loan product administered by a public or private entity that could immediately reduce homeowners’ outstanding mortgage balances to reinstate their loans, prevent foreclosure, and save home equity. According to HCA’s internal client data for homeowners served with foreclosure prevention services and financial products since 2009, 3 key barriers to foreclosure prevention have been identified that could be addressed with the Housing Assistance Loan product outlined in this proposal:

- Lack of Income. 79 percent of all homeowners at-risk of foreclosure served by HCA since 2009 identified loss of income or job as the primary financial hardship for the family. With reduced income, these homeowners were paying more than 43 percent of their monthly income toward mortgage payments.
- Lack of Savings. 63 percent of all homeowners at-risk of foreclosure served by HCA since 2009 were identified as low-income (less than 80 percent Area Median Income) AND had depleted all of their savings, including retirement to address their delinquent mortgage situation.
- Mortgage Debt. 82 percent of all homeowners at-risk of foreclosure served by HCA since 2009 were greater than 30 days delinquent on their mortgage; 34 percent of these homeowners could have addressed their situation IMMEDIATELY by having access to savings or loan capital of \$516 to \$4,256.

income on housing, spent more money on books, educational tools, and other enrichment for their kids. More specifically, families that moved from spending more than half of their income on housing to less than 30 percent, invested an average of \$98 more on their children's education and enrichment.

Housing Assistance Loans will mitigate the costs of foreclosure on our children and families by ensuring both their opportunity to prevent homelessness and secure loan modifications to reduce monthly mortgage payments to less than 30 percent of their income, therefore freeing up resources to invest more in the intellectual ability of their children.

Public benefit to decrease backlog of foreclosure cases in the Hawaii Judicial system

Currently, the vast majority of foreclosures in Hawaii are moving through our judicial system. In the 4<sup>th</sup> quarter of 2014, it took 1,067 days to process foreclosure cases in our courts placing strain on our limited state judiciary resources. Industry experts, such as RealtyTrac vice president, Daren Blomquist, have pointed to recent increases in foreclosures in Hawaii and other states as an indication that rising home prices are incentives for banks to clear their backlog of delinquent mortgages (*Banks Clear Foreclosure Backlogs*, National Association of Realtors, January 6, 2015).

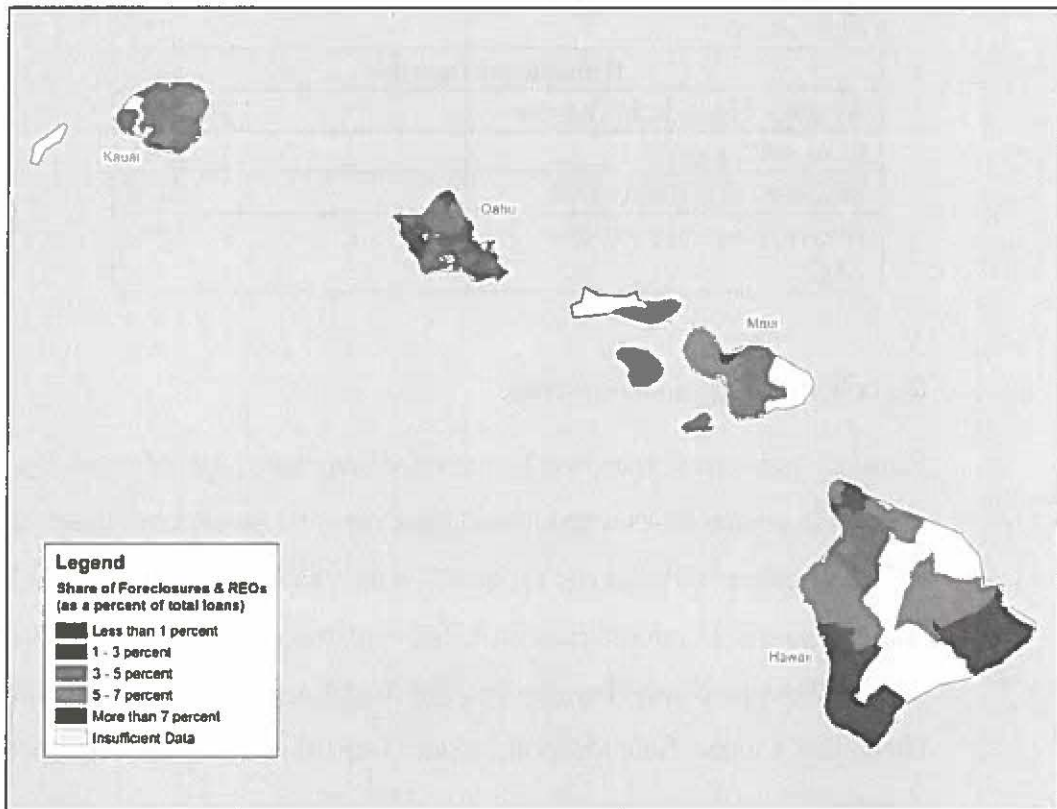
Without alternative options to foreclosure, including Housing Assistance Loans for reinstatement, Hawaii is likely to see the backlog of foreclosures within its courts increase and place additional strain on its resources. At the same time, the added cost of judicial foreclosures on lenders due to a growing backlog provides HCA and HCL a unique opportunity to make the case for lenders to leverage the State of Hawaii by investing in the Housing Assistance revolving loan fund versus incurring the uncertain costs of pursuing judicial foreclosure.

# of Surrounding Homeowners Impacted per Foreclosure	Avg Loss in Home Equity Per Surrounding Homeowner Per Foreclosure	Home Equity Saved per Foreclosure Prevented	# of Foreclosures to be Prevented	Total Home Equity Saved During Proposal Period
12.5	\$41,668	\$520,850	50	\$26,042,500

\*Source: Center for Responsible Lending, <http://www.responsiblelending.org/mortgage-lending/tools-resources/factsheets/hawaii.html>

4. Describe the target population to be served; and

Low- and moderate-income homeowners residing in communities with the highest rates of foreclosure are the target population. HCA’s internal data supports that the majority of homeowners enrolled in its foreclosure prevention counseling program are located in the Red and Orange areas of the map below.



\*Source: Lender Processing Services Inc. Applied Analytics & Federal Reserve Bank of San Francisco Calculations. July 2014



## II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

### Outreach and Marketing

HCA and HCL staff will conduct outreach and marketing to HUD housing counseling and Department of Treasury credit counseling agencies providing foreclosure prevention counseling services to promote the Housing Assistance Loan product for their homeowner clients. Presentations will be coordinated with the various agencies to introduce the product, homeowner eligibility, loan terms, and referral process. Questions will be answered and contact information for key staff at HCA and HCL will be shared.

### Delinquent Loan Assessments

All clients will be required to submit a client intake packet with copies of financial documents to verify household income, assets, liabilities, and outstanding mortgage debt. Clients referred by other government-certified housing or credit counseling agencies will complete an Authorization to Release Information to their foreclosure prevention counselor so that information on the homeowners case can be shared. HCA staff will gather client intake packets and conduct delinquent loan assessments to determine potential loan modification options for homeowners at-risk of foreclosure. The assessments will determine homeowners' eligibility for the Housing Assistance Loan product as well as the Punawai Program funded by the State Office of Hawaiian Affairs and offering low-income Native Hawaiians emergency assistance and up to \$2,000 in matching funds for a financial goal, including housing-related costs.

allowing for the organization to stop payment and reissue a check to the lender or servicer if necessary.

Homeowners will be required to make monthly, interest-only Housing Assistance Loan payments to HCL over a 5-year term with payments as low as \$50 per month. Payments will be serviced by HCA's Office Manager and placed into HCL's revolving loan trust account. Upon recapture of Housing Assistance Loan capital, HCL will issue loans to additional homeowners for mortgage reinstatement to prevent foreclosure. Oversight of the loan fund, including quality review of delinquent loan assessments, underwriting, origination, and servicing will be conducted by the Executive Director and results reviewed quarterly with the Board of Directors.

See the attached Housing Assistance Loan Policy for more information about the product, its goals, borrower eligibility, structure of assistance, and interactions with HAMP loan modifications and other mortgage assistance programs.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

Objectives and Major Tasks	Performed By (Agency)	MONTH											
		1	2	3	4	5	6	7	8	9	10	11	12
Outreach and marketing presentations to government certified housing and credit counseling agencies	HCA HCL	X	X	X									
Conduct client intake and delinquent loan assessments	HCA	X	X	X	X	X	X	X	X	X			
Underwrite and originate loans	HCL	X	X	X	X	X	X	X	X	X	X	X	X
Issue loan payments for mortgage reinstatement	HCL	X	X	X	X	X	X	X	X	X	X	X	X

All employees will be evaluated following their probationary period and every (6) six months thereafter to maintain and ascertain quality control. Evaluation includes management review of individual client case files.

For the proposal, the Executive Director will perform bi-annual reviews of delinquent loan assessments and loan files to check for accuracy and compliance. Following the review of client files, the Executive Director will meet with each employee to discuss the maintenance of his/her files. Written notice will be provided to employees with the Executive Director's notes regarding the condition and maintenance of all files. All meeting notices will be filed in hard copy binders marked "Quality Control – Counseling Files" and "Quality Control – Borrower Files" along with completed Quality Control Review Forms indicating the date of file review and the manager that performed the review. In addition, a copy of the completed Quality Control Review Forms will be placed in the back of the counseling or borrower file. This process is followed to adhere to the national industry standards.

HCA utilizes both hard copy and electronic client file systems to ensure Quality Control of its records.

#### On-Line

- CounselorMax, a HUD-approved electronic client management system, is used to track the client and store information.
- Credit Manager 4 is an electronic loan fund management system and is used to track borrowers and store information.
- The online systems are password protected and only those needing the information have access to the programs.



Projected numbers to be served in 12 months are noted below:

- 100 homeowners will complete client intake and delinquent loan assessment
- 50 homeowners will secure Housing Assistance Loans to reinstate their mortgage and prevent foreclosure

If the level of appropriation differs from the amount included in this application, the quantitative measures will need to be updated.

### III. Financial

#### Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.

Proposed budget has been attached.

HCA will manage the grant funds as the lead agency, placing the loan capital in a Trust account with HCL for disbursement during the proposal period. HCA and HCL will seek to disburse 100 percent of the funds within the first quarter of the proposal period to homeowners who have completed housing counseling with one of Hawaii’s HUD housing counseling agencies or Department of Treasury certified credit counseling agency. Revenue generated from interest and fees will be utilized to cover the cost of personnel and overhead to underwrite, originate, and service up to \$1 million in Housing Assistance Loans. Proposals for private funds from Catholic Charities Human Development Fund and Bank of America have been submitted. Should the proposals be funded, HCA and HCL would expand service to an additional 40 homeowners during the proposal period.

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2016.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$1,000,000	\$0	\$0	\$0	\$1,000,000

<b>Source</b>	<b>Type</b>	<b>Purpose</b>	<b>Amount</b>
Native Hawaiian Housing Block Grant	Federal	Financial counseling and mortgage debt reduction loans through DHHL	\$312,457
National CAPACD	Federal	Foreclosure prevention counseling	\$34,320
Corporation for National and Community Service	Federal	AmeriCorps VISTA member training and placement	\$260,450
State Attorney General	Federal	Foreclosure prevention counseling	\$505,500

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2014.

HCA and HCL reported a balance of \$36,782 in unrestricted assets as of December 31, 2014, the end of its first quarter of its fiscal year (October 1, 2014 – September 30, 2015).

#### **IV. Experience and Capability**

##### **A. Necessary Skills and Experience**

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

Founded in 2000 to provide homebuyer education and counseling, HCA staff have a combined 48 years of experience providing HUD approved housing counseling services and loan products to low- and moderate-income Hawaii residents. HCA established HCL in 2002 as the state's first-and-only mortgage brokerage originating mortgage loans for low- and moderate-income homebuyers. From 2002 to 2010, HCL originated over \$128 million in mortgages in Hawaii. With the changing housing market, HCA expanded HCL in 2011 to originate, service, and manage its own revolving loan fund and products for low- and moderate-income Hawaii residents, including Housing Assistance Loans and Credit Builder Micro-Loans. Articles of Incorporation and Bylaws were filed with the State of Hawaii

Contract Agency: National CAPACD

Contact Person: Alvina Condon

Address: 1825 San Pablo Avenue, Suite 2, Oakland CA 94612

Contact Information: 510.452.4800, Ext 109; alvina@ncapacd.org

Contract Period: October 2012 - Present

Funding Amount: \$60,555 (fee-for-service contract)

Performance Outcomes: During the contract period, HCA has achieved the following outcomes:

- 160 homeowners received foreclosure prevention counseling
- 10 homeowners have successfully prevented foreclosure

Contract Title: Homestead Community Lending Project

Contract Agency: Department of Hawaiian Home Lands

Contact Person: Niniau Simmons

Address: 91-5420 Kapolei Parkway, Kapolei, HI 96707

Contact Information: 808.620.9513, Niniau.simmons@hawaii.gov

Contract Period: May 2014 – May 2015

Funding Amount: \$312,457 (grant)

Performance Outcomes: The following outcomes were achieved during the first 6 months of the project.

- 109 homeowners have been assisted through Mortgage Assistance Fairs
- 13 homeowners have received counseling and been referred to DHHL's Mortgage Debt Reduction Loan
- 5 homeowners have secured loan modifications to prevented foreclosure and lease cancellation

**B. Facilities**



Lanai. Lanai City – QLCC

HCA's Hilo office is not ADA compliant. Households that require ADA compliant space are counseled at the County of Hawaii's Kinoole Plaza building.

## V. Personnel: Project Organization and Staffing

### A. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

Staff/Position	Years of Experience Related to Project Proposal	Other Related Qualifications
Jeff Gilbreath/Executive Director of HCA and HCL	<ul style="list-style-type: none"> <li>• 14 years</li> </ul>	USDA 502 Direct Loan Packaging FHA 247 Loss Mitigation 184A Loan Origination CDFI Loan Capitalization and Loan Fund Management Neighborworks America Trainer Financial Literacy HUD Compliance
Rona Kahoonei/Office Manager HCA	<ul style="list-style-type: none"> <li>• 9 years</li> </ul>	Quickbooks CDFI Financial Management
Kahaunanai Mahoe-Thoene/Program Coordinator HCA	<ul style="list-style-type: none"> <li>• 8 years</li> </ul>	Foreclosure Prevention Counseling Homeownership Counseling FHA 247 Loss Mitigation HUD 184A Loan Origination Financial Literacy
Mahealani Meheula/Community Services Specialist HCA and Loan Officer HCL	<ul style="list-style-type: none"> <li>• 12 years</li> </ul>	Mortgage Loan Originator Title and Escrow Officer Underwriting Specialist USDA 502 Direct Loan

**VI. Other****A. Litigation**

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

HCA and HCL are not involved in any pending litigation.

**B. Licensure or Accreditation**

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

HCA is a HUD approved housing counseling agency. HCL is a community development financial institution recognized by the Department of Treasury.

**C. Federal and County Grants**

The applicant shall separately specify the amount of federal and county grants awarded since July 1, 2014.

Source	Type	Purpose	Amount
County of Kauai CDBG	County	Homebuyer education and counseling	\$20,000
National CAPACD	Federal	Foreclosure prevention counseling	\$34,320
Corporation for National and Community Service	Federal	AmeriCorps VISTA member training and placement	\$260,450

**D. Private Educational Institutions**

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question.

Not applicable.


**DECLARATION STATEMENT OF  
APPLICANTS FOR GRANTS PURSUANT TO  
CHAPTER 42F, HAWAI'I REVISED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
  - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
  - c) Agrees not to use state funds for entertainment or lobbying activities; and
  - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.
  
- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is incorporated under the laws of the State; and
  - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.
  
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
  - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawai'i Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Jeff Gilbreath/Hawaiian Community Assets  
(Typed Name of Individual or Organization)  
 11/27/15  
(Signature) (Date)

Jeff Gilbreath Executive Director  
(Typed Name) (Title)



## **Housing Assistance Loan Policy**



# **Housing Assistance Loan**

---

## **1. Product Overview**

The Housing Assistance Loan is a product of Hawaii Community Lending. The loan was developed to provide capital for mortgage loan reinstatement to eligible homeowners who wish to remain in their homes, but are in imminent danger of losing their home to foreclosure.

The Loan provides funds to assist low- and moderate-income Hawaii Homeowners at or below 80% area median income (AMI) as defined by the US Department of Housing and Urban Development to help them cure their delinquent first mortgage loan arrearages, which may also include payments needed to reinstate their loans from reassignment.

## **2. Product Goals**

The Loan will prevent avoidable foreclosure by helping homeowners reinstate their past due first mortgage loans.

The Loan will also mitigate the need for large reinstatement dollars to be capitalized with remaining loan balance, and thus, broaden the population of homeowners who qualify for modification.

## **3. Target Population/ Areas**

The Loan is designed to target low- and moderate-income Hawaii homeowners who are at or below 80% AMI and residing in communities with foreclosure rates above 5 percent.

## **4. Product Allocation (Excluding Administrative Expenses)**

\$1,000,000 (proposed)

## **5. Borrower Eligibility Criteria**

- Homeowner is at or below 80% AMI based on per-household income thresholds set forth in the county in which the homeowner resides.
- Homeowner must complete and sign a Financial Hardship Letter and 3rd Party Authorization to document the reason for the hardship.
- Homeowner has adequate income to sustain reinstated first-lien mortgage loan, per HAMP guidelines (55% total DTI after modification).
- Homeowner must agree to provide all necessary documentation to satisfy program guidelines within the timeframes established by Hawaii Community Lending.
- Homeowner must be current on homeowners insurance and property taxes.
- Mortgage loan is delinquent as substantiated by homeowner's hardship documentation. The delinquency and the total amount required to cure the delinquency is verified with the servicer.
- Loans in reassignment process are eligible, pending HUD and FHA approval.
- The homeowner's first-lien PITI, and any escrowed homeowner's association dues or assessments, payment must be a maximum of 43% of the gross household income excluding temporary income (e.g., unemployment or short-term disability benefits) to meet the definition of an affordable payment. Reinstatement assistance may be combined with a loan modification in order to achieve the definition of an affordable payment. On a case by case

The pilot launch of the Loan took place on July 1, 2014 and statewide launch of the Loan will be contingent upon Hawaii Community Lending's ability to secure loan capital.

**13. Product Interactions with Other Mortgage Assistance Programs**

Other mortgage assistance programs, including those provided by Hawaii Community Lending, Hawaiian Community Assets, or other entities, may be available to the homeowner. The homeowner is required to apply separately for each mortgage assistance program sought under Hawaii Community Lending or Hawaiian Community Assets.

**14. Product Interactions with HAMP**

The Loan will serve as a gateway to HAMP which may include principal reduction, interest rate reduction, and re-amortization of homeowner's mortgage.

**15. Product Leverage with Other Financial Resources**

Hawaii Community Lending will require that the loan servicer waive all accrued and unpaid late charges and NSF fees for all payments funded with the Loan. Further, Hawaii Community Lending will request the loan servicer to consider principal reduction, interest rate reduction, and re-amortization of the mortgage based on HAMP guidelines.




## Budget Forms

## BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2015 to June 30, 2016

Applicant: Hawaiian Community Assets

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
<b>A. PERSONNEL COST</b>				
1. Salaries				60,000
2. Payroll Taxes & Assessments				7,500
3. Fringe Benefits				7,500
<b>TOTAL PERSONNEL COST</b>				<b>75,000</b>
<b>B. OTHER CURRENT EXPENSES</b>				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9. Housing Assistance Loan Capital	1,000,000			850,000
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
<b>TOTAL OTHER CURRENT EXPENSES</b>	<b>1,000,000</b>			<b>850,000</b>
<b>C. EQUIPMENT PURCHASES</b>				
<b>D. MOTOR VEHICLE PURCHASES</b>				
<b>E. CAPITAL</b>				
<b>TOTAL (A+B+C+D+E)</b>	<b>1,000,000</b>			<b>925,000</b>
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	1,000,000	Jeff Gilbreath	808-587-7653	
(b) Total Federal Funds Requested	0	Name (Please type or print)	Phone	
(c) Total County Funds Requested	0		Date	
(d) Total Private/Other Funds Requested	925,000	Signature of Authorized Official	1/29/15	
<b>TOTAL BUDGET</b>	<b>1,925,000</b>	Jeff Gilbreath/Executive Director		
		Name and Title (Please type or print)		

## BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2015 to June 30, 2016

Applicant:   Hawaiian Community Assets  

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2013-2014	FY: 2014-2015	FY:2015-2016	FY:2015-2016	FY:2016-2017	FY:2017-2018
PLANS			N/A			
LAND ACQUISITION			N/A			
DESIGN			N/A			
CONSTRUCTION			N/A			
EQUIPMENT			N/A			
<b>TOTAL:</b>						
JUSTIFICATION/COMMENTS:						



## BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2015 to June 30, 2016

Applicant:  Hawaiian Community Assets

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				

## BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2015 to June 30, 2016

Applicant:   Hawaiian Community Assets  

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Not Applicable				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				

# GOVERNMENT CONTRACTS AND/OR GRANTS

Applicant: Hawaiian Community Assets

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau )	CONTRACT VALUE
1.	Homebuyer education and counseling	9/18/14 – 9/17/15	County Housing Agency	Kauai	\$20,000
2.	Foreclosure prevention counseling	7/1/14 - 6/30/15	National Foreclosure Mitigation Counseling Program	US	\$34,320
3.	Foreclosure prevention counseling	10/1/12 – 9/30/15	Attorney General Office	State	\$505,500
4.	Financial counseling and capital for mortgage debt reduction loans for Hawaiian Homelands homeowners	5/7/14 – 5/6/15	Department of Hawaiian Homelands	State	\$312,457
5.	Renters MATCH Savings accounts (IDAs) to assist with rental housing	7/1/13 – 6/30/15	Office of Hawaiian Affairs	State	\$249,450
6.	Renter education/counseling and homebuyer education/counseling	1/15/14 – 6/30/15	City and County of Honolulu	Honolulu	\$180,969
7.	Recruit, train, and place 14 AmeriCorps VISTA members at nonprofits statewide; provide capacity building services	9/20/14 – 9/19/15	Corporation for National and Community Service	US	\$260,450
8.					
				TOTAL	\$1,563,146



## Organization Chart

PD = Program Director  
 PC = Program Coordinator  
 CSS = Community Services Specialist

HCA BOD

HCL BOD

Executive Director  
 Jeff Gilbreath  
 .5 FTE

Executive Director  
 Jeff Gilbreath  
 .5 FTE

Office Manager  
 Rona Kahoonei  
 1.0 FTE

Project Accountant  
 .25 FTE

Admin Assistant  
 Roxanne Hanawahine  
 .75 FTE

Program Director  
 Desiree Vea  
 1.0 FTE

Loan Officer –  
 M. Meheula  
 .25 FTE

Financial Training

Renter

Homebuyer

Homeowner

VISTA

PC - Lahela Williams  
 .25 FTE

PC - Lahela Williams  
 .75 FTE

PC - Kelly Lincoln  
 .5 FTE

PC – K. M. Thoene  
 1.0 FTE

VISTA Leader -  
 Yvonne Zraggen

CSS - R. Transfiguracion  
 .5 FTE

CSS - R. Transfiguracion  
 .5 FTE

CSS - M Meheula  
 .75 FTE

VISTA – Samantha  
 Champion

CSS - Kaleio Caminos  
 .5 FTE

CSS - Karen Bugarin  
 1.0 FTE

VISTA – David Chhay

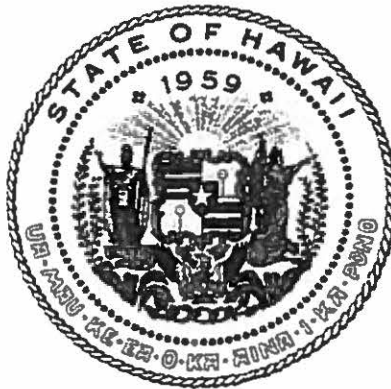
Kelly Lincoln  
 .5 FTE

VISTA -  
 Kevin Landucci

CSS - Kaleio Caminos  
 .5 FTE

VISTA – Bryan Glssal

## **Certificates of Good Standing**



**Department of Commerce and Consumer Affairs**

**CERTIFICATE OF GOOD STANDING**

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

**HAWAIIAN COMMUNITY ASSETS, INC.**

was incorporated under the laws of Hawaii on 01/20/2000 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: December 09, 2014

Director of Commerce and Consumer Affairs







**Department of Commerce and Consumer Affairs**

**CERTIFICATE OF GOOD STANDING**

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

HAWAII COMMUNITY LENDING, INC.

was incorporated under the laws of Hawaii on 11/19/2014 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 29, 2015

Director of Commerce and Consumer Affairs

