



Hawai'i HomeOwnership Center Affiliate

GRANT-IN-AID

APPLICATION FOR: FY 2016

House District 29
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: HHOC Mortgage

Db/a:

Street Address: 1259 A'ala St #201, Honolulu, HI 96817

Mailing Address: as above

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name DENNIS S. OSHIRO

Title Executive Director

Phone # (808) 523-8115

Fax # (808) 523-9502

E-mail dennis@hihomeownership.org

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:

DOWN PAYMENT ASSISTANCE FOR LOW- AND MODERATE-INCOME FIRST-TIME HOMEBUYERS IN HONOLULU COUNTY

4. FEDERAL TAX ID: [REDACTED]

5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2016: \$ 400,000

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 \$ 0

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

[REDACTED]
AUTHORIZED SIGNATURE

DENNIS S. OSHIRO
NAME & TITLE

1/29/15
DATE SIGNED



RECEIVED

1/29/2015
[Signature]



Hawai'i HomeOwnership Center Affiliate

GRANT-IN-AID APPLICATION FOR: FY 2016

NARRATIVE

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;

The mission of HHOC Mortgage (HHOCM), a nonprofit loan fund, is to assist low and moderate income homebuyers in Hawaii with down payment assistance, first mortgage loans, and development services. HHOC Mortgage is certified by the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI).

HHOCM's signature financial product is a Down Payment Assistance Loan (DPAL) combined with homebuyer education and coaching for every borrower from its affiliate, the Hawaii HomeOwnership Center. DPAL finances up to 97% of a maximum purchase price of \$375,000. Historically, the average DPAL has been \$38,000 with average interest rate of 4.5% and fees of 1.5%.

HHOCM's Down Payment Assistance Loan increases sustainable homeownership in Hawaii by:

- reducing the cash required to purchase a home
- allowing low-income households to purchase condominiums that don't meet the typical mortgage insurance requirements
- delivering an affordable financing package requiring less monthly income to qualify for by eliminating the need for costly private mortgage insurance
- requiring a completion of a homebuyer education course by a HUD-certified agency prior to closing.

2. The goals and objectives related to the request;

A State Grant in Aid will enable HHOCM to make significant progress towards achieving its strategic GOAL to provide down payment assistance to 60 low-income households by 2017.

The OBJECTIVE related to the request for a State Grant in Aid is to aid us in attaining our annual goal of 25 low-income first-time homebuyers in Honolulu County into homeownership over 12 months.

3. The public purpose and need to be served;

Hawaii has the third lowest rate of homeownership in the nation, ranking 47th. In 2014, property values in Honolulu County rose by 10.8%, the 4th largest percentage increase in the U.S. after Michigan, California, and Nevada. While 64% of U.S. housing units are owner-occupied, only 57% are owner-occupied in Hawaii. HHOCM's target market of low income borrowers in Honolulu County has an extremely low rate of homeownership (56.4%) because of high housing costs, low inventory, lack of savings for a down payment, and scarcity of affordable mortgage financing. (U.S. Census)

Hawaii home prices are 7.9 times more expensive than what can be purchased with the median household income. The housing cost burden to Honolulu residents is the worst in the country -- 48.2% of mortgaged owners spend 30% or more of their household income on the cost of owning their home. (CFED Assets & Opportunity Scorecard 2014). The National Association of Home Builders/Wells Fargo Housing Opportunity Index (August 2014) lists Honolulu as the 9th least affordable metropolitan area with a population over 500,000.

Most first-time homebuyers in Honolulu County purchase condominiums, but even condominiums are quite expensive, and prices are trending up. The median price for condominiums during the first nine months of 2014 is up 5.4% to \$350,000 from \$320,000 the same time last year (Honolulu Board of Realtors) and is forecast to rise to \$376,300 in 2015. (Pacific Business News, 4/1/14)

Traditional lenders require that borrowers with less than 20% down payment pay Private Mortgage Insurance (PMI). PMI adds thousands of dollars to closing costs and hundreds to monthly payments. In order to get PMI in the target market a minimum of 51% of units in the condominium where the purchase is made must be owner-occupied. Only 56.4% of Honolulu County housing units are owner occupied (U.S. Census Selected Housing Characteristics, 2008-2012 American Community Survey 5-year estimates) compared to the U.S. average of 65.1%.

According to the Realtor.com National Housing Trend Report, the Honolulu inventory of homes for sale increased 25.7% in August 2014 from August of the prior year. However, the lack of affordable inventory makes it difficult and discouraging for low-income buyers who are competing with cash-

buyers or others with large down payments. For example, even a HHOCM client who offered \$15,000 over the listed price was overbid.

Less than a third (31.6%) of prospective homebuyers surveyed for the Hawaii Housing Planning Study (2011) earned enough for a 20% down payment, even though 58.7% said they could afford the monthly payments. According to the authors of the Planning Study, "The story was essentially the same across all Counties...many households planning to purchase their next home earn enough money to cover the monthly payments, but far fewer have the ability to marshal sufficient funds for the down payment." (November 2011, p.15)

There are few other affordable sources in the target market for down payment assistance other than HHOCM's DPAL and the loans it leverages funded by external partners. A State Grant in Aid to HHOCM will help more low-income Honolulu County households into homeownership by bringing an infusion of capital to a scarce loan product.

4. Describe the target population to be served; and

HHOCM's target population are low-income households in Honolulu County, i.e. households whose income is below 80% of the Area Median Income as determined by the U.S. Department of Housing and Urban Development (HUD).

There is high demand for homeownership among the target population. The 2011 Hawaii Housing Planning Study determined that there were 14,309 total effective demand buyers in Honolulu County for condominiums, the usual purchase for first-time homeowners in Hawaii. Of those buyers, 58.7% could afford the monthly payments but only 31.6% had an adequate down payment. At the time of the Study, the median condo sales price was \$315,500, requiring a down payment for a traditional mortgage of \$63,300. Since that time the median condo sales price in Honolulu has increased to \$350,000 in September 2014. This will increase demand for down payment assistance among prospective homebuyers. As the Study showed, 69% of home buyers did not have a 20% down payment and would need higher loan-to-value financing. Many of these options required some variation of mortgage insurance which ultimately raised the cost of financing whether it was a premium paid at closing or added to the loan.

More evidence for the demand for down payment assistance comes from the Hawaii Housing Finance and Development Corporation's Hula Mae mortgage loan program for first-time homebuyers. Between April 9, 2012 and January 31, 2013, they received 38 applicants for a 99% financing program which demonstrated the demand for higher loan-to-value financing.

Unfortunately for first time homebuyers, Hula Mae loans – funded by proceeds of tax-exempt bonds -- are no longer available, further increasing anticipated demand in the Target Market.

The HHOC Mortgage staff receives 60 inquiries per month and about 5% of all inquiries result in a loan application. Between January and September 2014, HHOCM originated 12 DPALs. Currently in the pipeline, 5 first mortgages totaling \$1.19 million have been originated (to be funded by other lenders), and 2 DPAL for \$76,950. As real estate prices continue to rise, the market demand for DPAL will also increase.

5. Describe the geographic coverage.

Honolulu County

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;

HHOCM Executive Director Dennis Oshiro and Loan Officer Rachel Willis are responsible for ongoing marketing and outreach activities to realtors and financial institutions whose customers might need down payment assistance. They visit one or two real estate agencies a month. They also conduct a quarterly workshop on condominium financing aimed at REALTORS at the HHOCM offices. During the workshops, the staff describes the benefits of the DPAL Program and the Hawaii HomeOwnership Center Education Director discusses the homebuyer education requirement for borrowers. After each successful DPAL loan closing, an email announcement is sent to REALTORS who previously attended a HHOCM DPAL workshop reminding them of the advantages of the DPAL Program.

Graduates of the homebuyer education course of the Hawaii HomeOwnership Center form the primary market. These potential borrowers learn about DPAL from the HHOCM staff and the Center's housing counselors. HHOCM has also given presentations to other Honolulu-based housing counseling agencies.

In addition to the workshops and the visits to real estate offices, HHOCM introduces its loans to a large number of REALTORS twice a year at the Honolulu Board of REALTORS general membership meetings every June

and December. In addition, HHOCM receives complimentary full page ad space in monthly publication, The Real Estate Book as space allows.

Potential borrowers from the general public can learn about the DPAL program from the HHOCM website www.hhocmortgage.org which provides loan information and includes an online application. During the past year, we have posted more loan-closing pictures on our HHOC Facebook page. This has helped generate inquiries for both DPAL loans and for home buyer education.

Information about HHOCM down payment assistance loans is presented to the homebuyer, along with other loan options, by the Hawaii HomeOwnership Center housing counselor when the homebuyer is mortgage-ready and has begun to shop for a home. If further information on down payment assistance loans is desired, the client is referred to the HHOCM Loan Officer. The Hawaii HomeOwnership Center staff does not participate in the loan origination process. The Center recommends that clients visit at least four lenders to “shop” their loan. While this has resulted in fewer DPAL applicants, both HHOC and HHOCM firmly adhere to HUD’s anti-steering policy.

HHOCM will accept certificates from other agencies attesting to the completion of a HUD-certified counseling course. However, to date all target market (TM) borrowers originated by HHOC Mortgage (regardless of the source of loan funds) have completed homebuyer education and/or individual counseling with the Hawaii HomeOwnership Center.

The following profile of an actual borrower illustrates how HHOCM’s DPAL and the required homebuyer education classes and coaching provide a comprehensive approach to meet TM needs:

Keola was low-income when he began homebuyer education classes from the Hawaii HomeOwnership Center. Nonetheless, he was in a good position to buy: he had good credit, a stable career, and some savings for a down payment. The class helped Keola make sensible decisions about selecting a home with manageable monthly mortgage payments. He chose a single family home located a few minutes from his workplace. Through HHOCM’s DPAL program, Keola saved over \$100 per month on mortgage insurance. He saw the advantage of the 2nd mortgage’s interest for his tax deduction coupled with the savings each month. He is one of just a few people in his family to own a home and is incredibly proud of his accomplishment. Keola has told others about HHOC and HHOCM because he believes in the mission and in homeownership.

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

HHOCM will assist 25 low-income households into homeownership over the 12 month project period at an average rate of 6 households each quarter.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

HHOCM has a board-approved guide to policies and procedures designed to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The document contains basic internal control policies and procedures for general accounting, cash management, revenue cycle, payroll, property and equipment, purchasing, planning and reporting, and auditing. For example: payroll timesheets are dual signed. Base pay is confirmed by an administrative assistant and incentive pay is calculated by the Executive Director. Paychecks are then produced by external accounting firm, and then reviewed and signed by the Executive Director. Loans funded by HHOCM all utilize escrow. Funds from the HHOCM checking account result from a loan processor's check request, signed by the Executive Director. The bank generates transfer of funds to escrow. Our internal payment requests are generally composed by the loan processor or Administrative Assistant, then reviewed and signed by the Executive Director. Checks are generated by external accounting firm, reviewed and signed by the Executive Director. Checks are hand-delivered.

At the end of the financial year, the accounting firm's work is audited by an independent CPA.

When sent via computer, loan and borrower information is always encrypted.

These methods and procedures provide a system of cross checks which in the absence of collusion, would reduce the likelihood of misappropriation of assets or misstatement of the accounts and, would maximize the likelihood of detection if misappropriation or misstatement were to occur. Additionally, HHOCM recognizes that internal controls extend beyond those matters, which relate directly to the functions of the administration staff working with the contracted bookkeeper.

All borrower data is entered into Calyx Point, a nationally recognized loan origination software. Calyx Point performs all calculations and required disclosures are generated per federal regulations.

If HHOCM is originating the first lien mortgage through Fannie Mae (Desktop Originator), Freddie Mac (Loan Prospector) or FHA, an automated underwriting software is used. The second lien underwriting is included in the underwriting calculation.

Loan servicer First Hawaiian Bank provides a monthly report on portfolio performance so HHOC Mortgage does not have separate software or other technology for portfolio monitoring.

With respect to MIS for development services, the Hawaii HomeOwnership Center tracks homebuyer education program impact with CounselorMax, a Microsoft Access-based system developed by NeighborWorks America. This client database system tracks the number of homebuyers receiving assistance by their mortgage readiness status -- long term (will require over one year to purchase a home), near mortgage ready, and mortgage ready. The database tracks the number of people who graduate from and participate in homebuyer education classes, the number of their counseling appointments, and other data. Reports can be generated by island. For graduates who have made home purchases, CounselorMax also tracks the interest rate and term of loans.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

HHOCM measures impact by the number of down payment loans funded to its target population of low-income households in Honolulu County. Since its inception in 2010 when lending activities commenced, HHOCM has made 71% (20 of 28) of its portfolio loans to low-income households; the remainder were to moderate-income households in Honolulu County. With \$360,000 in loan capital from a State Grant in Aid, HHOCM will assist 9 low-income households over 12 months.

HHOCM also measures impact by the number of households receiving homebuyer education classes and individual counseling from affiliate Hawaii HomeOwnership Center. Pre-purchase counseling has been shown to significantly protect borrowers from future delinquencies and defaults. In 2011, 2012, and 2013, 52.9% of households who originated loans with HHOCM graduated from a homebuyer education course. HHOCM proposes as

2011, 2012, and 2013, 52.9% of households who originated loans with HHOCM graduated from a homebuyer education course. HHOCM proposes as a measure of effectiveness that all households receiving loans funded by the State Grant in Aid will complete housing counseling.

III. Financial

Budget

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

Attached

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
\$100,000	\$100,000	\$100,000	\$100,000	\$400,000

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2016

HHOC Mortgage has applied for:

- \$200,000 in loan capital, in the form of a grant, from NeighborWorks America. If awarded, the grant would be available in February 2015
- \$450,000 in loan capital and \$50,000 in administrative costs in the form of a grant from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury. If awarded, funds would be available for lending in January 2016.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

Not applicable.

5. The applicant shall provide a listing of all government contracts and grants it has been and will be receiving for program funding.

See Attachment Government Grants and Contracts

Financial Assistance (FA) awards in the form of grants of \$250,000 in 2011 and \$400,000 in 2012.

Of the 2011 FA award grant, \$150,000 was awarded for loan capital and \$100,000 for a loan loss guarantee fund to encourage lending to the TM by FCU. This award has been fully deployed.

Of the 2012 FA award grant, \$300,000 was awarded for loan capital, \$75,000 for operating support, and \$25,000 for a loan loss reserve for the HHOCM portfolio. The award has been fully deployed.

Since 2011, NeighborWorks America has provided \$552,500 in loan capital through HHOCM partner Hawaii HomeOwnership Center.

As described in #3, HHOC Mortgage has two government grant applications pending decision:

- \$200,000 in loan capital, in the form of a grant, from NeighborWorks America. If awarded, the grant would be available in February 2015
- \$500,000 (including \$450,000 in loan capital) in the form of a grant from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury. If awarded, funds would be available for lending in January 2016.

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

HHOC Mortgage's estimated Unrestricted Current Net Assets as of 12/31/14 are \$48,875.

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.

Since commencing lending operations in April 2010, HHOC Mortgage (HHOCM) has provided 26 down payment assistance loans and 1 first mortgage loan totaling \$922,628, of which 19 loans (70%) were made to low-income first-time homebuyers. All borrowers also received homebuyer

Since commencing lending operations in April 2010, HHOC Mortgage (HHOCM) has provided 26 down payment assistance loans and 1 first mortgage loan totaling \$922,628, of which 19 loans (70%) were made to low-income first-time homebuyers. All borrowers also received homebuyer education and counseling through HHOCM affiliate, the Hawaii HomeOwnership Center. HHOCM requires DPAL borrowers to complete a homebuyer education course from a HUD-certified housing counseling agency. This is integral to the DPAL program's success. HHOCM borrowers either pay on time or in advance. They frequently exceed normal payment reserve requirements of three months by averaging five months' reserve.

HHOCM is fortunate to have an outstanding board with broad and extensive skills and experience that contribute to HHOCM's successful track record.

- Ryker Wada, Vice President, is supervising attorney with the Legal Aid Society of Hawaii. Mr. Wada is an expert in fair housing law licensed to practice in Hawaii since 2003. His value to HHOCM is his legal knowledge especially when considering new financing agreements with other lenders or government agencies. Ryker also serves as HHOC's Board Chair
- Dawn Robinson-Naya, Secretary, is Vice President and Area Sales Manager at HomeStreet Bank. Recognized as one of the Hawaii residential lending industry's top producers. A Certified Mortgage Planning Specialist. Dawn's a member of our Loan Committee which considers loan applications for our portfolio. Her background proves to be most helpful in loan evaluations as she's proficient with Fannie/Freddie guidelines.
- Stan Ishii, Director, is Vice President and Branch Manager for American Savings Bank. Extensive prior experience as a production manager and loan officer for several companies, including North American Mortgage, Washington Mutual, First Horizon Home Loans, and MetLife Home Loans. Like Dawn, Stan's knowledge is essential to our Loan Committee and, for production planning.
- Michael Miller, Director. As Sales Operations Manager for Bank of Hawaii, Mr. Miller manages over 40 loan originators and other staff. Previously he served as underwriter and floor leader for more than 5 years with First Hawaiian Bank. Mike's experience and professional network contributes to our Loan Committee and business building. As with the rest of the Board, Mike has the pulse of the real estate market and knows what's currently trending.

There are four members of the HHOC Mortgage board of directors (Dawn Robinson, Stan Ishii, Michael Miller, and Peter Nagata (VP for First Hawaiian Bank) who serve as the Credit Committee and meet as needed to review recommendations from the Executive Director and Loan Officer for loan approval.

HHOCM has also leveraged additional credit for the TM and other Honolulu County households under agreements with two partners -- by depositing \$75,000 with the University of Hawaii Federal Credit Union and \$50,000 with the HawaiiUSA Federal Credit Union as a loan loss guarantee for up to \$2.5 million in down payment loans funded by the credit unions. This has been a successful arrangement, with only one claim to date of less than \$8,000 made in early 2012 by the University of Hawaii FCU. HHOCM's agreement with the credit unions has leveraged additional loan capital for the target population, even while HHOCM's own lending capital is limited. To date the partnerships between HHOCM and the two FCU have resulted in \$1,174,990 in loans to 28 borrowers, including 8 low-income borrowers. Being able to offer the DPAL product without interruption is critical to the success of HHOCM's business strategy. Realtors and developers refer their clients to reliable sources of mortgage products and the agreements with the two federal credit unions have allowed HHOCM to continue to offer the DPAL. HHOCM has funded 100% of loan requests from qualified applicants.

HHOCM has supported its operations through earned revenue from loan originations and interest income, plus public capital from the CDFI Fund and NeighborWorks America. As of November 30, 2014, HHOCM had \$144,783.40 in earned revenue.

HHOCM has received four awards from the CDFI Fund of the U.S. Treasury: A TA award of \$94,140 for start-up operating expenses in 2010; FA awards in the form of grants of \$250,000 in 2011, \$400,000 in 2012; and an FA award in the form of a \$300,000 loan in 2014.

NeighborWorks America has also provided \$552,500 in loan capital through HHOCM partner Hawaii HomeOwnership Center, of which all but \$18,400 has been deployed.

B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

HHOC Mortgage shares a suite of offices in central Honolulu that are wheelchair-accessible with the Hawaii HomeOwnership Center that are leased from HawaiiUSA FCU. Handicap parking is available, and the office has ADA compliant doorways and an elevator. Handicap accessible bathrooms are also available.

There are 3 private rooms in the office. Two can accommodate 6-8 people and one can hold group sessions (up to 20 with tables & chairs).

The Bus is the only mode of public transportation and there are bus stops within half to one block away from the office. Office hours are Monday through Friday, 8:00 am to 5:00 pm. However, evening and Saturday appointments are scheduled as needed. Group homebuyer education sessions are scheduled on week nights and Saturday mornings – education schedules vary per island location.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

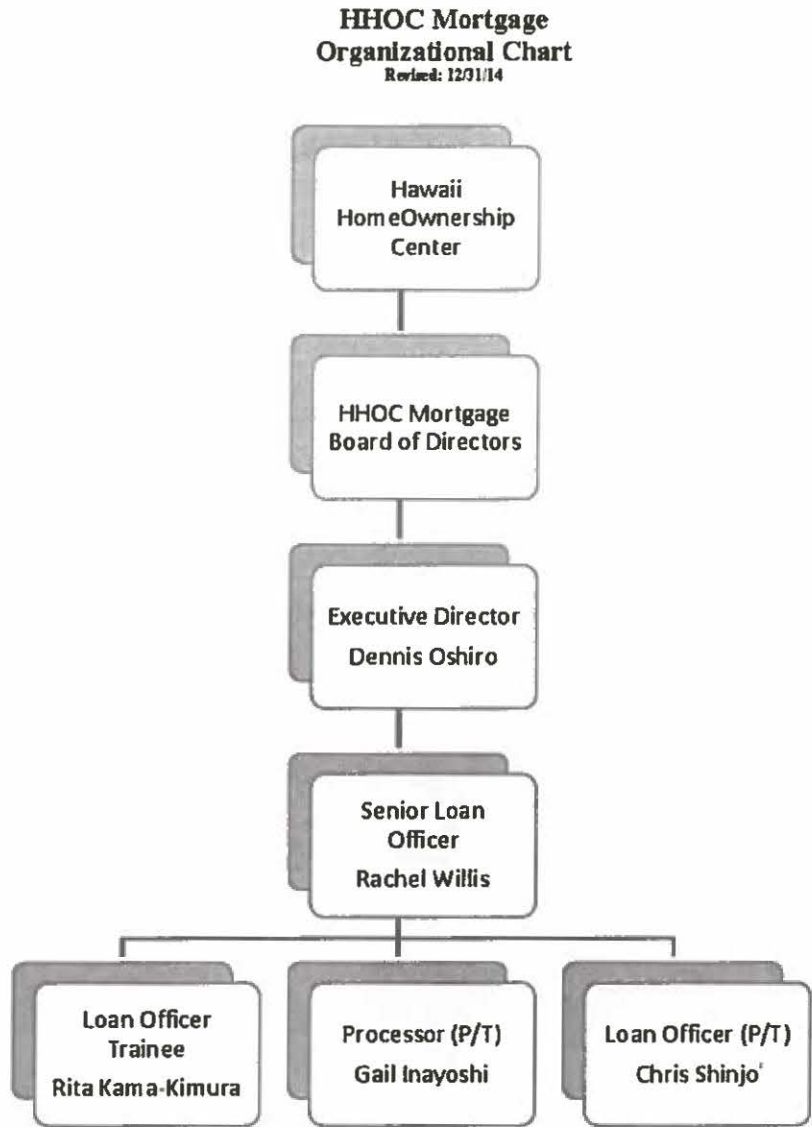
The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative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

HHOCM is staffed by five professionals with over 100 years of combined experience in mortgage lending.

- Dennis Oshiro, Executive Director has over three decades of lending experience in leadership positions with Hawaii-based companies, including local thrifts, United Mortgage and U. of Hawaii FCU. He also worked for national firms; GE Captial, Crocker Financial, First Horizon Bank and mortgage insurer, Verex. Founder and current board member of the Hawaii Association of Mortgage Brokers. Dennis also was President of the Mortgage Bankers Association of Hawaii. He also serves as Executive Director of the Hawaii Homeownership Center, HHOC Mortgage's affiliate that provides development services.
- Rachel Willis, senior Loan Officer, has thirteen years of experience originating, disclosing, processing, and tracking of down payment assistance and rehab loans as Executive Director of San Luis Valley Housing Coalition in Colorado where she increased the loan portfolio from \$150,000 to over \$2.5 million.
- Chris Shinjo is an accomplished mortgage Loan officer most recently spending 8 years with a federal credit union, originating wholesale and retail programs. Chris retired in 2013, learned of HHOCM's mission and consented to join us as a part-time loan officer as a means of serving our community. Chris' total lending experience goes back 30 years working with both, national and local lenders.
- Gail Inayoshi, Loan Processor, was previously a mortgage loan underwriter and has 40 years of experience. Gail began her career in 1973 with a local thrift company and then progressed through the years with employment with national mortgage companies performing functions ranging from loan processing to underwriting and shipping.
- Rita Kama-Kimura, Loan Officer Trainee, has two decades of experience as a wholesale mortgage account executive. She is very familiar with documentation and compliance requirements and is now learning the retail mortgage lending process, including front-end loan packaging, and developing relationships with realtors who will refer their clients to HHOCM.

B. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.



C. Compensation

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

Senior Loan Officer Rachel Willis (under \$50,000)

Processor Gail Inayoshi (under \$40,000)

Loan Officer Trainee Rita Kama-Kimura (under \$40,000)

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.

HHOC Mortgage is not party to 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.

HHOC Mortgage is registered as a non-profit loan originator with the Nationwide Mortgage Licensing System (NMLS) and, under Sections 454F-1, 2 & 25 is exempt from licensing requirements for its employees.

HHOC Mortgage is a Community Development Financial Institution (CDFI) under the US 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.

Community Development Financial Institutions Financial Assistance Award (loan):
\$300,000

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.

E. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2015-16 the activity funded by the grant if the grant of this application is:

- (1) Received by the applicant for fiscal year 2015-16, but
- (2) Not received by the applicant thereafter.

HHOCM must build its own loan portfolio in order to generate enough fee and interest income to support operating expenses. HHOCM's vision is to create a total of \$10 million of DPALs in its own portfolio, earning an average of 4.5% interest income annually at which point HHOCM will become financially self-sustaining. At an average loan amount of \$40,000, HHOCM will enable 250 low and moderate-income, first-time homebuyers to purchase homes with affordable, under-market financing.

HHOCM has already helped 19 low-income Honolulu County first-time homebuyers into homeownership through its signature product, a down payment assistance loan. However, HHOCM is limited by lack of affordable sources of loan capital. HHOCM's portfolio of loans may grow at an even faster rate if other sources of capital currently being pursued are obtained. HHOCM is investigating below-market capital from Clearinghouse CDFI, Nonprofit Finance Fund, and Opportunity Finance Network which HHOCM recently joined. Another channel is Program Related Investments in the form of low-cost loans from local financial institutions.

F. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2014.

See attached Certificate of Good Standing



Hawai'i HomeOwnership Center Affiliate

GRANT-IN-AID APPLICATION FOR: FY 2016

BUDGET

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2015 to June 30, 2016

Applicant: HHOC MORTGAGE

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries	30,000	19,500		
2. Payroll Taxes & Assessments	2,901	1,886		
3. Fringe Benefits	7,099	4,614		
TOTAL PERSONNEL COST	40,000	26,000		0
B. OTHER CURRENT EXPENSES				
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. Loan capital	360,000	650,000		
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
TOTAL OTHER CURRENT EXPENSES	360,000	650,000		
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	400,000	676,000		
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	400,000	Dennis S. Oshiro (808) 523-8115		
(b) Total Federal Funds Requested	676,000	Name (Please type or print) Phone		
(c) Total County Funds Requested	0	<div style="background-color: black; width: 150px; height: 20px; display: inline-block;"></div> 4/28/15		
(d) Total Private/Other Funds Requested		Signature of Authorized Official Date		
TOTAL BUDGET	1,076,000	Dennis S. Oshiro, Executive Director		
		Name and Title (Please type or print)		

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2015 to June 30, 2016

Applicant: HHOC Mortgage

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Loan Officer Trainee	1	\$30,000.00	46.00%	\$ 13,800.00
Sr. Loan Officer	1	\$36,000.00	45.00%	\$ 16,200.00
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				30,000.00
JUSTIFICATION/COMMENTS:				
These two staff members will be our primary outreach, origination and closing agents for all down payment assistance loan-related activities.				

GOVERNMENT CONTRACTS AND/OR GRANTS

Applicant: HHOC Mortgage

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1.	Technical Assistance award	2010	Treasury	U.S.	\$94,140
2.	Financial Assistance Award	2011	Treasury	U.S.	\$250,000
3.	Financial Assistance Award	2012	Treasury	U.S.	\$400,000
4.	Financial Assistance Award	2009	NeighborWorks America	U.S.	\$202,549
5.	Financial Assistance Award	2010	NeighborWorks America	U.S.	\$100,000
6.	Financial Assistance Award	2011	NeighborWorks America	U.S.	\$125,000
7.	Financial Assistance Award	2012	NeighborWorks America	U.S.	\$75,000
8.	Financial Assistance Award	2014	NeighborWorks America	U.S.	\$60,000
9.					
10.					
				TOTAL	\$1,306,689



Hawai'i HomeOwnership Center Affiliate

GRANT-IN-AID APPLICATION FOR: FY 2016

DECLARATION STATEMENT

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISIED 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, Hawaii 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, Hawaii 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, Hawaii 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, Hawaii 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.

HHOC Mortgage
(Typed Name of Individual or Organization)

 January 12, 2015
(Signature) (Date)

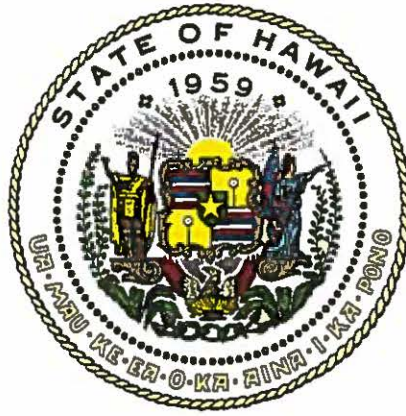
Dennis Oshiro Executive Director
(Typed Name) (Title)



Hawai'i HomeOwnership Center Affiliate

GRANT-IN-AID APPLICATION FOR: FY 2016

SUPPORTING ATTACHMENTS



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

HHOC MORTGAGE

was incorporated under the laws of Hawaii on 10/28/2009 ; 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 26, 2015

Interim Director of Commerce and Consumer Affairs