HHFDC

HAWAII HOUSING FINANCE & DEVELOPMENT CORPORATION

PROGRAM ADMINISTRATOR'S GUIDELINES

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

HALE KAMAʻĀINA MORTGAGE PROGRAM 2026 Series A

Published October 19, 2026

Updates are detailed on Page 3

EQUAL HOUSING OPPORTUNITY

eHOUSINGPLUS
Program Management Specialists

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PROGRAM GUIDELINES UPDATES

Date	Topic	Page

CONTACT DIRECTORY
954-217-0817 or Toll Free (888) 643-7974
Select Option #2

Question		
Lender Training (Program & System)	Option #4	Click here
Lender User Access (Credentials, Disabled Access, etc)	Option #4	Click here
eHPay - Digital Payment of Compliance Fees	Option #3	Click here
Program Eligibility Questions - READ THIS GUIDE FIRST	Option #2	Click here
eHP Deficiencies - To view and upload compliance file deficiencies	View compliance and Servicer DEFI's in eHP FrontPorch using Digital Docs App, Deficient Compliance Files drop down menu.	
Loan Specific Questions - If you have any questions related to a specific loan already reserved/rate locked in the eHPortal.	Post note in Collaboration Station within eHP FrontPorch	
eHP System Errors - Technical Assistance	Option #3	Click here
The Money Source General Non-Loan Specific Questions or Submission Assistance	Contact your assigned Correspondent Liaison or teamTMS@TheMoneySource.com	
Underwriting Scenarios or Questions	Scenarios@TheMoneySource.com	
Pricing/Locking	Secondary@TheMoneySource.com	
Conditions Clarification	Support@TheMoneySource.com	

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
BOND PROGRAM TEAM



HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION (the "HHFDC")
Creates and sponsors a first mortgage program, sets the mortgage loan rate, term and points, and markets the program.

Participating Lenders ("Lenders")
Take applications, reserve in their own systems, process, underwrite, approve, fund, close and sell qualified loans to the program. Lenders are responsible for servicing program loans in accordance with Agency (FHA, etc.) Guidelines until purchased by the Master Servicer.

eHousingPlus
Program Administrator
Maintains the Program reservation system, websites, and posts Administrator's guide, forms, training materials, provides Program and system training, answers Program and system questions, receives compliance files, reviews, posts and notifies of exceptions and approves compliance file.

The Money Source, Inc.
Master Servicer
Provides information on acceptable loan products, delivery and funding, receives all first mortgage files, reviews first mortgage files, notifies lenders of first mortgage file exceptions, approves first mortgage files, purchases pools and delivers loans, delivers certificate.

PROGRAM PRODUCTS

PLEASE NOTE THAT RATES ARE SUBJECT TO CHANGE AT ANY TIME.
With respect to reserved loans, the rate will not change as long as loans are delivered according to the timetable included in this Guide. Refer to the Rates Tab on the HHFDC webpage in the eHousing system for current rates. The HHFDC 2026 Bond Program offers FHA, USDA-RD, VA, Fannie Mae HFA Preferred and Freddie Mac HFA Advantage loans.

EIN: 14-1967871

RATE LOCK AVAILABILITY

Loan reservations under the Program are available 24 hours a day. Current rates are available online within the system, click on this link to view the rates/offerings.

FIRST MORTGAGE

The borrower will receive a 30-year, fixed-rate, fully amortizing first mortgage loan with 360 level monthly payments at a **below-market interest rate**. The borrower must provide the minimum down payment required by the applicable Agency or GSE. Current rates are available online within the system, click on this link. The mortgage is to be recorded by the Lender after closing.

HHFDC 2026 BOND PROGRAM REQUIREMENTS

In addition to the Program requirements, Lenders are to follow Agency, GSE, and Master Servicer guidelines unless otherwise noted.

ELIGIBLE BORROWER

1. Buyers and their spouse (including a non-purchasing spouse) must be first-time homebuyers. Exceptions may apply to Veterans or buyers purchasing in a Targeted Area; see "First-Time Homebuyer Exceptions" below.
2. At least 18 years of age and a Resident of the State of Hawaii for at least six consecutive months prior to the date of closing.
3. Must be citizens of the United States or resident aliens (follow applicable Agency, GSE, and Master Servicer guidelines).
4. Buyers and their spouses must not exceed the maximum household income and purchase price limits determined by the Program.
5. All applicants must be considered irrespective of age, race, color, religion, national origin, sex, marital status, military status or physical handicap. This is an equal opportunity Program.
6. Buyers must occupy the property purchased as a primary, full-time residence within 60 days of closing.
7. Buyers must meet minimum FICO score and Debt-To-Income (DTI) requirements.
8. Buyers must have successfully completed a homeownership counseling program by a housing counseling agency approved by the United States Department of Housing and Urban Development
9. Buyers cannot rent out the property (either in whole or a room), the Servicer may foreclose the mortgage and repossess the property.

Contact eHousingPlus Compliance with questions regarding eligibility.

FIRST-TIME HOMEBUYER

A first-time homebuyer means the borrower must have had no ownership interest and occupied in their principal residence at any time during the three (3) year period prior to the date that the Mortgage Loan is applied for.

DOCUMENTATION REQUIRED TO VALIDATE FIRST-TIME HOMEBUYER ELIGIBILITY

The following evidence is required to be included with each loan submission file (compliance file):

1) The last three years' federal income tax returns or transcripts or a combination of the two for all buyers and spouses (including non-purchasing spouses). While tax transcripts are preferred, the signed and dated federal tax returns are acceptable. Please be advised: "No Record Found" transcripts are NOT acceptable: it only validates non-filing for a specific tax year. Contact eHousingPlus with any questions.

2) A Fraud Report is required 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 approved.

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 exception, "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 exception is a once in a lifetime exception.

The Mortgagor Affidavit has a checkbox that states: "If the Mortgagor is a 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, anywhere in the United States, a mortgage revenue bond loan or mortgage credit certificate 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 (listed by County) constitute the Targeted Areas for this Program.

Note: The Program is available statewide, regardless of whether the County does or does not have Targeted Areas. Program eligibility in non-targeted areas is based on non-targeted area income and purchase price limits for the County.

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

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

**The County of Kauai does not have any targeted areas. However, the Program is still available in the County of Kauai under non-targeted area income and purchase price limits.*

FICO SCORE & DEBT-TO-INCOME (DTI) REQUIREMENTS

The Program requires a minimum FICO credit score of 660 and a maximum DTI of 45%. AUS approval is required however manual underwriting may be approved by The Money Source. To contact The Money Source for manual underwriting information, click here or email Scenarios@TheMoneySource.com.

HUD CERTIFIED HOMEBUYER EDUCATION REQUIREMENTS

All buyers (any person on title to the property) must successfully complete a homeownership counseling program through a housing counseling agency certified by the United States Department of Housing and Urban Development (HUD). This applies to all borrowers but not to co-signers.

Visit https://www.hud.gov/hud-partners/housing-national-agencies for a list of nationally approved agencies. Click on "Search the Map" to search for Hawaii based HUD certified housing counseling agencies in Hawaii or click here: Approved HUD Homebuyer Education Providers.

FEDEREAL RECAPTURE TAX

What is the Federal Recapture Tax?

It's a Federal Tax a Borrower may be required to pay from the net profit received from the sale or disposition of their home. If required, Federal Recapture Tax is due at the time a Federal Tax Return is filed for the year in which the home is sold or otherwise disposed of. The maximum Federal Recapture Tax is 6.25% of the original principal balance of the program financed first mortgage loans or 50% of the net profit earned on the sale of the home, whichever is less.

Buyers obtaining a mortgage using the HHFDC 2026 Bond Program may be required to pay a Federal Recapture Tax if they meet all three (3) of the following provisions at the time of sale:

- The home is sold within the first nine (9) years of the purchase date, *and*
- A net profit is received from the sale of the home, *and*
- Household income at the time of sale exceeds the maximum income limit.

Borrowers are not subject to Federal Recapture Tax in the following circumstances:

- The home is transferred to a spouse, or former spouse, in connection with a divorce where no gain is included
- The home is destroyed by a casualty, and is repaired or replaced on its original site within 2 years after the end of the tax year when the casualty occurred
- The home is sold, or otherwise disposed of, as a result of the borrower's death
- The home is refinanced – please note that refinancing does not cancel the recapture tax provision, which may still apply if the home is sold within nine (9) years.

Borrowers are more likely to pay Federal Recapture Tax in the following circumstances:

- Employed in a field with high growth income potential
- Income is close to the maximum income limit at the time the home is purchased
- Purchasing a home in a high housing inflation environment
- Change in marital status.

If Federal Recapture Tax is owed, it is not collected at the time of the sale. The Borrower(s) must complete and file IRS Form 8828 with their Federal Tax Return for the year in which the home is sold or otherwise disposed of (regardless of whether the Borrower owes Federal Recapture Tax). The IRS Form 8828 provides instructions to calculate and determine if Federal Recapture Tax is owed. HHFDC recommends consulting with a professional tax advisor to answer Federal Tax questions.

Borrowers may have to pay a federal "recapture tax" if they sell their home within the first 9 years **and** their income has grown above program limits **and** they make a profit on the sale.

To make this easier, here's a quick guide:

You Will Owe Recapture Tax If…	You Will NOT Owe Recapture Tax If…
You sell your home **within 9 years** of purchase **AND** your income has risen above the program limit **AND** you make a profit.	You keep your home for more than 9 years.
	You sell at a loss or break even (no net profit).
	Your income at the time of sale is still under the program's income limits.
	You transfer the home to a spouse/ex-spouse in a divorce.
	You pass away and your heirs sell the home.
	The home is destroyed (fire, disaster) and rebuilt on the same site within 2 years.
	You refinance the mortgage (refinance alone does not trigger recapture).

Important Note:
Even if you do not owe tax, you must still file IRS Form 8828 when you sell within the first 9 years. Borrowers should consult a tax professional if they are unsure.

PROGRAM HOUSEHOLD QUALIFYING INCOME

Program qualifying income considers the income of borrowers and their spouses (regardless of spouse's occupancy of the primary residence and whether or not a party to the loan) AND all household members 18 years of age or older (related or unrelated). Do not include the income of a co-signer when determining Program income qualification, the co-signer will not occupy the property and will not take an ownership interest. Use the co-signer as a loan guarantor only. See pages 24 - 28 of this guide for income calculation guidance.

Unless otherwise directed, Lenders are responsible for assuring that loans meet the strictest of applicable Program, Agency, and GSE rules with respect to income and sales price limits.

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	$126,500	$145,475	$151,800	$177,100
Honolulu	$154,805	$178,025	$184,800	$215,600
Kalawao	$146,280	$170,660	$151,800	$177,100
Kauai	$163,080	$190,260	N/A	N/A
Maui	$177,600	$207,200	$177,600	$207,200

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	$83,250
Honolulu	$106,720
Kalawao	$97,120
Kauai	$96,080
Maui	$97,120

PURCHASE PRICE LIMITS

The purchase price must include everything paid by the buyer or on the buyer's behalf, to the seller or on the seller's behalf.

County	Non-Targeted Areas	Targeted Areas
Hawaii	$613,662	$750,031
Honolulu	$866,346	$1,058,867
Kalawao/Maui	$1,359,682	$1,661,833
Kauai	$1,162,348	Not Applicable

PROPERTY QUALIFICATIONS

- Allowable in the Program: Eligible properties include new or existing, attached or detached, one-unit single-family homes, townhomes, PUDs and condominiums.
- Acquisition Cost Limits – this is a Program-required purchase price limit based on the Internal Revenue Code requirements and is not an Agency (FHA, etc.) acquisition cost or loan limit. The calculation of Acquisition Cost must include everything paid by the buyer or on the buyer's behalf as required under the Program rules. See "Acquisition Cost" under Financing Facts for further detail concerning the calculation of the Acquisition Cost under the Program.
- Homes are considered new if never previously occupied.
- Not permitted in the Program: Accessory Dwelling Units (ADUs), manufactured, mobile, recreational, rental homes, seasonal or other types of vacation or non-permanent homes.
- The remaining economic life of the property may be no less than 30 years.
- Land may not exceed the size required to maintain basic livability.
- Properties purchased in the Program must be residential units.
- No more than 15% of the square footage of the home being purchased may be used in connection with a trade or business including child care services.
- No refinances.
- Construction to perm is not permitted.

FINANCING FACTS

It's expected that lenders have reviewed some preliminary documentation and believe that applicants will also qualify for credit. Excessive cancellations will be reviewed to ensure that Program funds are not being utilized inappropriately. It is the responsibility of the lender to follow all Program, Agency (FHA, VA, USDA RD), and The Money Source servicer guidelines.

Acquisition Cost The TOTAL ACQUISITION COST of the property includes all amounts paid previously or in the future, in cash or in kind by the Mortgagor(s) or any other person(s) to or for the benefit of the seller(s); points paid by the seller(s) excluding "usual and reasonable settlement and financing costs," additional amounts paid for fixtures under state law (i.e., light fixtures, window treatments, floor carpeting); capitalized value using discount rate established by the Issuer of ground rent, (leasehold estate); additional amounts to be paid if dwelling is incomplete or unfinished for which a written estimate of completion cost is attached; additional amounts for land purchased separately and not owned by the mortgagor(s) for at least two (2) years prior to the commencement of construction of the residence; and other amounts including any agreements, whether oral or written, property taxes in excess of the mortgagor(s) pro-rata share and settlement and financing costs in excess of the usual and reasonable costs, hook-up, tap-in, site improvements, architectural and builder fees, permits, subcontracted items, construction loan interest and commissions. Apart from any normal real estate agents' commissions, no money is being paid, no promissory note is being delivered, nor is anything else of value (including, without limitation, personal property) being exchanged for or transferred to the seller of the residence or any other persons by me, or to my knowledge, by any other person in connection with the residence except as itemized with the amount of their purchase price that does not exceed their fair market value and attached hereto and incorporated into The Mortgagor Affidavit.

Administrative Rules Hawaii Administrative Rules Chapter 15-314, entitled Hula Mae Home Mortgage Loan Program, as may be amended.

Agency Guidelines means the operational and compliance framework that blends state and federal public subsidies with standard mortgage products. Rather than acting as standalone loan rules, these guidelines function as a regulatory overlay and apply to Federal Housing Administration (FHA), Department of Veteran Affairs (VA), United States Department of Agriculture (USDA) and Ginnie Mae (GNMA) mortgage products.

Applicable Statutes Hawaii Revised Statutes Chapter 201H and/or Internal Revenue Code Section 143.

Appraisal Appraisals must comply with any and all applicable underwriting, investor, and lending guidelines. If required by applicable lending guidelines, the appraisal must indicate that the home has at least a 30-year remaining useful life.

Assumptions Not allowable.

Buydowns Not allowable.

Construction to Perm Construction to Perm is not permitted in this Program.

Final Typed Loan Application (1003) The typed application signed and dated by all parties is required. Loan interviewer must complete and sign page 3 of 4 of the 1003. If this is not possible, then an Officer must sign in place of the interviewer. All persons taking title to the property must execute all Program documents. The income disclosed on the Affidavit must be the same or more than that shown on the 1003. The purchase price, loan amount, and other financial details must be the same as shown on all other documents.

Government Sponsored Enterprise (GSE) Guidelines means the applicable requirements established by Fannie Mae and Freddie Mac for conventional mortgage loans that are eligible for purchase or

securitization by the respective GSE.

Minimum Borrower Contribution The borrower must provide the minimum down payment required by the applicable Agency or GSE Guidelines. The borrower's required contribution may include the earnest money deposit and eligible gift funds, subject to applicable Agency or GSE requirements.

Minimum Loan Amount There is no minimum loan amount required in this Program.

Non-Occupant Co-Borrowers are NOT permitted in the Program.

Non-Occupant Co-Signer Permitted to the extent allowed by applicable Agency. The co-signer is a loan guarantor and cannot have any ownership interest in the property (they cannot be on the mortgage/deed/warranty deed) and cannot live in the property. The co-signer does NOT need to be a first-time homebuyer and does not need to meet the Hawaii residency requirement. A co-signer's information will be entered in the eHPortal in order for the Note and/or Second Note and Co-signer Affidavit to print with the Co-signer's name.

Non-Purchasing Spouse (NPS) - Must sign the Mortgagor Affidavit. The NPS information will be entered in the eHPortal in order for the HHFDC Program documents to print with the NPS name.

Owner Occupancy Requirement The borrower receiving a Mortgage Loan must occupy the residence for the term of the loan or until the loan is satisfied and within 60 days of loan closing.

Power of Attorney - Permitted but must satisfy Agency (FHA, USDA-RD, VA) and Servicer requirements. Active-duty military personnel must also provide an Alive and Well Letter. Lenders should contact their title company/closing agent for information regarding POA requirements in the State of Hawaii. Refer questions to The Money Source.

Prepayment The first mortgage loan may be prepaid in whole or in part at any time without penalty.

Real Estate Purchase Contract The full address of the property, full names of all sellers and buyers, total purchase price of the property must be included. If there is not an address for new construction, a lot number and subdivision name are required. All named persons must sign. Include the name and title whenever a representative is signing for a corporation.

Recapture Tax
Borrower(s) may be subject to recapture tax upon resale if borrower(s) have a gain resulting from the sale or disposition of the property purchased under this Program within the first nine (9) years of ownership and the initial qualifying annual Household Income increases above specified levels at the time of sale or disposition of the residence. A borrower should be provided with the Recapture Brochure at time of reservation, this may be printed directly from the eHPortal by the Lender.

Recordation Requirements The first and second mortgages must be recorded in the following order: First Mortgage, Assignment of First Mortgage; Second Mortgage and Note recorded as one document (Marital Status must be noted for all borrowers).

Remaining Reserves
Remaining reserves are not established by the Program. If any, these are determined by the type of financing used (i.e. FHA and VA).

PROCESS SUMMARY FROM TRAINING TO LOAN PURCHASE

LENDER ONBOARDING

Our On-Boarding process is designed to provide all Lenders and their staff web-based training related to the Program, including Technical and Workflow requirements of the Program.

Based on your role, there are certain training requirements prior to adding a new program and features. These are determined based on which modules you have completed in the past, and which programs and features you want to add to your portfolio.

Once you have submitted the eHP On-Boarding Registration, the eHP On-Boarding Team will create a specific training program for you based on the role(s) you selected, and you will receive an email confirmation with relevant information. Upon completion, your User Credentials will be created (if you are new User) or updated (if you are a current user) and you will receive a system generated email with this notification.
Click on this link to register for training.

QUALIFY

Lenders use Program requirements to qualify applicants for the Program. Buyers must present an executed sales agreement before being entered into the Program reservation system.

PROCESS

Lenders process the loan as they would normally keeping in mind the Program timeline. Please do not reserve funds too soon. Wait to reserve until you are relatively sure your underwriter will approve the loan prior to reservation in the eHousingPlus Lender Portal.

RESERVE FIRST MORTGAGE LOAN FUNDS

To reserve funds, use the eHousingPlus eHPortal. Log in and reserve the first mortgage. To reserve funds in the Program the borrower is required to have a signed real estate purchase contract for a specific address. The lender will need a 1003 and the Real Estate Purchase contract in order to make a reservation. If the reservation is successful, you will receive a loan number and a message that you've completed the reservation successfully.

If there is a non-purchasing spouse or a co-signer, you must also enter these individuals in the eHPortal so Program documents print with their names. If you are unsure how to do this, please view this document.

IMPORTANT - A reservation is for a borrower with a real estate purchase contract for a specific property. If the property needs to change, the loan must be cancelled and re-reserved. The lender is responsible for cancelling the loan within the eHousingPlus Lender Portal. And then, the lender must click on this link to complete an online form to CLEAR FLAGS on a cancelled loan so the funds may be re-reserved with a new address. Until this process is complete, the lender will not be able to re-reserve funds for the borrower.

PRINT PRE-CLOSING PROGRAM FORMS

Provide the borrower with the Notices to Buyers and Recapture Tax Brochure at time of reservation. The program forms are found in eHP FrontPorch using the eHProForms App. The Notices to Buyers and Recapture Brochure both must be signed.

PROCESS

Lenders process the loan as they would normally keeping in mind the Program timelines.

ENTER PROPERTY APPRAISAL AMOUNT

Enter the property appraisal amount in the eHPortal using the PROPERTY tab under the Value field.

UNDERWRITE AND CERTIFY

Lenders underwrite & are responsible for credit decisions of the loans in the Program. The Master Servicer does not re-underwrite loans. However, the Master Servicer will perform a quality control review of the loans to ensure conformance with applicable guideline requirements. **Following loan reservation and PRIOR to loan closing, the Lenders Underwriter MUST complete the online UW Certification within the eHPortal.** Once a loan is Underwriter Certified no further changes can be made. If a change needs to occur after the certification is complete, please Log-In Here > Collaboration Station and request for the underwriter certification to be removed.

CLOSE AND VERIFY

Upon loan purchase, the Master Servicer will reimburse the lender. It's important to provide accurate closing instructions to closing agents. All Program documents must be returned to the lender. It is VERY important to note that if the loan amount or purchase price amount changes, and you have already printed forms, you'll need to print updated forms to ensure that the information on each form is accurate. The following Program forms are found in eHP FrontPorch using the eHProForms App.

WHO SIGNS THE PROGRAM DOCUMENTS?

Form	Signed When?	Borrower	Co-Borrower	Non Purchasing Spouse	Co-signer
Notices to Buyers and Recapture Brochure	Pre Closing	Yes	Yes	No	No
Mortgagor Affidavit	Closing	Yes	Yes	Yes	No
Tax Exempt Rider	Closing	Yes	Yes	No	No
Affidavit of Co-signer	Closing	No	No	No	Yes
Notice of Potential Recapture Tax	Closing	Yes	Yes	No	No
Commitment Letter	Closing	Yes	Yes	No	No
HHFDC Fee Invoice	The lender should provide the HHFDC invoice to the closing agent. This is not signed by the borrower.				

COMPLIANCE FILE DELIVERY INSTRUCTIONS

ASSEMBLE THE COMPLIANCE FILE

Compliance Files and Corrections to previously submitted files with erroneous or missing required documents will be managed through the **eHP FrontPorch.** This portal provides lenders with all the tools necessary to deliver the required documents for the approval of the originated loan(s) in their respective affordable homebuyer programs. **eHP FrontPorch** is a secure, easy to use and efficient way for lenders to deliver the Compliance File, Correct DEFI's, and pay the required Compliance Review Fees via our **eHPay** on-line fee approval, and related tools.

To assemble the compliance file, you will need a checklist. The checklist is specific to this Program and used to submit the compliance documents post-closing to eHousingPlus.
Log-in here and use the eHProForms App.

Items to be uploaded in the compliance file include:

- FINAL SIGNED 1003
- FINAL SIGNED CLOSING DISCLOSURE (CD)
- Homebuyer Education Certificate
- HHFDC Bond Notices to Buyers
- HHFDC Bond Mortgagor Affidavit (Spouse's income needs to be considered as part of the household income even when they are a non-participating spouse. If the spouse does not have income, please state so.)
- HHFDC Bond Notice of Potential Recapture Tax
- HHFDC Bond Affidavit of Co-signer (If applicable)
- State of Hawaii identification (Driver's License or State ID) and/or a State of Hawaii tax return (full or partial year) to verify Hawaii residency requirement
- Real Estate Purchase Contact
- Fraud Report – must verify borrower(s) real property ownership history
- Real Property Search for non-purchasing spouse for the county in which the NPS lives (If applicable)
- Warranty Deed
- Discharge Papers (DD214) if Veteran using Veteran's Exception

UPLOAD THE COMPLIANCE FILE

Log-in here and use the Digital Docs App to upload the compliance file. The Compliance File should be a PDF file uploaded upright and in a clear legible format, composed of all required documents on the Checklist. Don't upload a compliance file until everything is included in the package. The more complete the file, the quicker the review and approval, and the file AND fee must be received to start the review process. Be aware that Loans will go straight to deficient status if items are missing, or if the fee was not received or properly identified. Once you are ready to upload your documents select eHPDigital Docs and from the drop-down menu click on New Upload and follow the prompts.

SUBMIT THE REQUIRED COMPLIANCE REVIEW FEE

The Compliance Review Fee may be submitted separately from the Compliance File.

eHPay is a secure, efficient method for lenders to pay the fees ON-LINE. Loans managed through eHPay are processed faster, without fee errors or other unnecessary delays. The Lenders Accounting Staff can access eHP FrontPorch and process the compliance fees payment easily via the Digital Docs App and eHPay.

Not sure of the required fee for your loan? Use the **FIND MY FEE** feature and get the instant answer by entering the eHP loan number or by Program. Compliance Files Uploaded are NOT ready for review until the Compliance Review Fee Payment has been received by eHP.

USE PAYMENT CENTRAL to determine any loan that may be pending fees, unidentified payments, files pending payment and short payments.

LOANS PENDING FEES lists Compliance Files that have been uploaded successfully, but whose fee payment is still pending. Lenders can monitor this area to ensure their fees have been delivered in a timely manner.

UNIDENTIFIED PAYMENTS are payments received from your company without the proper identification to apply it to the intended loan. Lenders can monitor this area to ensure that payments made are being properly identified with the eHP LOAN NUMBER.

PAID LOAN FILES lists compliance files that have been paid.

SHORT PAYMENTS If an incomplete payment is submitted, it will be displayed indicating the amount paid and the correct fee amount.

CLEAR A DEFICIENT COMPLIANCE FILE

LOAN DEFICIENCIES ARE NOT ACCEPTED VIA EMAIL.

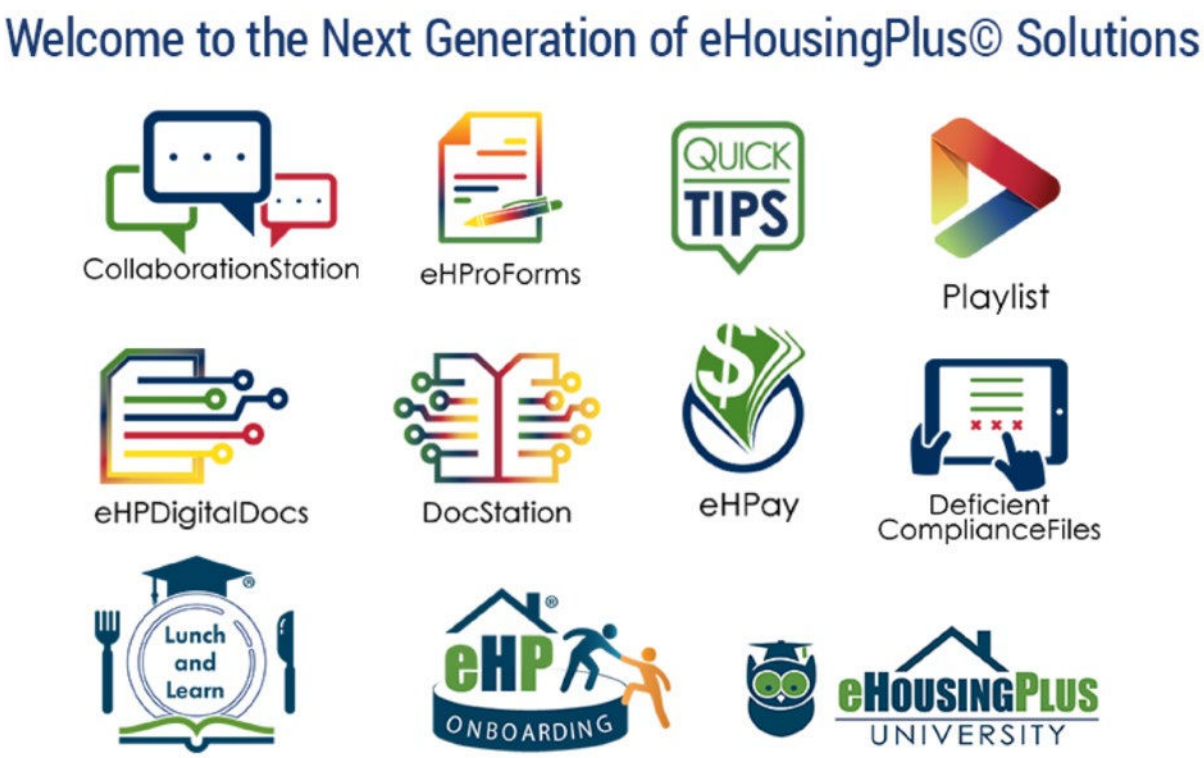
Clearing files deficiencies is critical to your loan being approved and ultimately purchased. In the Deficient Compliance Files drop down, choose View/Upload Corrected DEFIs. This area will assist you in viewing what needs to be corrected, which documents are approved and complete, and you will have the ability to upload the correction and communicate with us in one simple area. It is very helpful in resolving outstanding issues and having broader visibility for all of your post-closing staff who may need to work on resolving these discrepancies. Please make sure that you're shipping and post-closing staff is very familiar with this area. Remember your loan can't be approved with deficiencies.

EHP COMPLIANCE APPROVAL

Following approval of Compliance File by eHousingPlus, lenders are notified and reminded of the purchase deadline. The Master Servicer is notified and the file may be approved for purchase.

SUBMIT MORTGAGE FILE & CREDIT PACKAGE TO SERVICER

The Mortgage File including Credit Package are uploaded to TMS using KISS Pipeline. Contact TMS with questions Support@TheMoneySource.com



eHP FrontPorch Helpful Tips

Our new eHP FrontPorch graphical menu lets you access all apps and tools with one click.
These apps were designed to assist you with the Program requirements and workflow.
In addition, eHP FrontPorch introduces new innovative tools such as Collaboration Station, Quick Tips, the eHPlaylist, and the Alerts and Notifications area. These NextGen Lender Platform tools have been designed to help you complete your tasks quick and easy.

eHProForms

eHProForms is our newly designed forms generation App where a lender will access all Program related documents. Using a search feature to quickly access the loan file, it provides all of the Program forms that are required for your specific loan.

The forms are now organized by purpose leading with compliance related forms which will be part of the compliance package you sent to eHousingPlus, the closing second lien assistance and other similar forms you will submit to the Master Servicer and their package and two additional areas for special forms and documents that may apply to your loan. The forms instantly generate from your loan record so it's essential to make sure that you review the information for accuracy.

If something needs to be updated you can log into the eHPortal, edit the loan and you come back to eHP FrontPorch and regenerate the forms.
It's easy and you can create forms as many times as you need with just one click.
If your loan record has not been updated, your loans will be incorrect, and your file will be placed in deficient status.

Clicking the waffle menu at the top of the page is an easy way to get back to the main menu.

eHP FrontPorch Helpful Tips

Collaboration Station

Collaboration Station creates a history of any issue that's been communicated regarding a specific loan and provides certain status alerts.
In collaboration station you can create a note to save to the loan file or you can send a message to anyone in our compliance team.

Click the message icon and a menu of eHousingPlus staff will appear at the top with their role for you to make the appropriate selection. You may include your team members who have user credentials to eHP FrontPorch that may assist in expediting solutions for your loans.

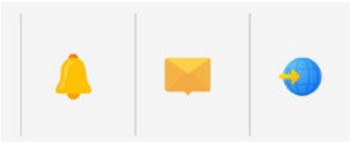
In Collaboration Station you can also find the Servicer notes and exceptions that need to be addressed with them. By providing this view to you it gives you transparency to any problem that has to be resolved related to the mortgage or collateral submitted to the Master Servicer.
This view can be grouped, filtered, searched, and exported.

Quick Tips

Quick Tips is a library of useful tips to give you simple quick how to answers on common topics related to the process. It's a way to have short simple tips at your fingertips by roller subject where you can catch up and get you up to speed fast. These Quick Tips are a great place to search for frequent questions, concerns, or simply to educate yourself on a variety of topics.

eHPlaylist

The eHPlaylist is a newly created video platform with tutorials on where to perform tasks best practices and how-to's, all created to assist you with important information. Visual content is easy to access and understand and our playlist has a library of short concise and process-based learning topics. The video library has various categories and brief descriptions to easily build learning tools for your team. Together with Quick Tips the eHPlaylist will provide you and your team with continuous learning resources to help you keep up to date with any platform or process changes.



Alerts and Notifications

The Alerts and Notifications area (bell and envelope icons) has been designed to provide you notifications of notes and messages related to your loans, with additional notification of status changes based on your role. When you send and receive messages using this app, you will receive a notification alert so you can easily see what's happening with your loans.
The last area on the notification panel (world icon) is made available to help you navigate to any of the Program pages, guidelines, eHPUniversity and to view eHP News.

PROGRAM TIMETABLE

Buyers MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY in order to have funds reserved or be on a waiting list. The contract may be dated on or prior to the date of the loan application. Buyers may be pre-qualified. However, if the buyer does not have a contract on a property, Program funds cannot be reserved for the buyer until such time as the buyer presents a valid contract. To assure that loans are purchased, please follow the Processing, Delivery, and Purchase Timetable below. Please DO NOT reserve loans that cannot meet the timetable.

If the loan is not underwriter certified PRIOR to the loan closing, the loan is subject to cancellation. eHousingPlus notifies Lenders via email that the loan may be canceled if the underwriter certification is not completed. If the closing date is extended, please change the closing date in the eHPortal. If your underwriter needs additional time to complete the certification, just email eHousingPlus and ask that a note be added to the file so the loan does not cancel. Should the loan reservation be canceled at any point during the reservation, the issuer may allow the loan to be reinstated at the higher of the mortgage rate originally reserved or the current Program mortgage rate, subject to availability of funds.

Loan Processing, Delivery and Purchase Timetable

Once a loan is reserved in the eHousingPlus system and is provided the Master Servicer's Loan number, the loan must be:

- Underwriter Certified PRIOR to loan closing
- Purchase within 60 days of loan reservation
- 60 days is from reservation to loan purchase by the Master Servicer (this means the loan file closed, received compliance approval and is purchased by The Money Source).

LOAN PROCESSING, DELIVERY AND PURCHASE TIMETABLE

Once a loan is reserved in the eHousingPlus system and is provided the Master Servicer's Loan number, the loan must be:
(1) underwriter certified ANYTIME prior to closing, and
(2) purchased within 60 days of loan reservation.

LOAN PURCHASE EXTENSION

Any loan not purchased within 60 days will automatically receive a no-cost purchase extension of 30 days without penalty. If the loan is not purchased within the combined period of 90 days, the loan is subject to cancelation on day 91.

PROGRAM FEES

eHousingPlus Fee

The Program includes a first mortgage Compliance/Admin Fee of $350. A penalty fee of $100 may be assessed for files that are chronically deficient. The penalty fee is chargeable only once per application. The Compliance/Admin Fee is submitted with the Compliance File via eHP FrontPorch using the eHPay App.

The Compliance/Admin Fee is the fee charged by the Program Administrator/Compliance Agent to process the applicant/borrower from Origination to Compliance Approval, and to assess that the lenders originating such loans are following Program guidelines for the benefit of the eligible borrower(s). The Program Administrator/Compliance Agent tracks the loan via its web-based system and assists the lender in processing the loan ensuring eligibility to the Program available offerings, which can include various rate options.

The Compliance/Admin fee includes the review of information and documents delivered in the form of a Compliance File by the originating lender, on behalf of the borrower. Additionally, the Compliance review verifies that the lender has charged only the fees allowed by the Program. Contrary to this, approval may be denied and/or fees may have to be reimbursed to the borrower. The compliance file processing consists of required affidavits, application, closing documents, certain non-mortgage documents, tax returns where applicable and other pre-defined Program documents that are disclosed to the potential borrower(s). This is required to ultimately receive Compliance Approval. These documents can support the first mortgage and are required to ensure eligibility to the Program, Federal, State, and Local requirements, where applicable. The Compliance review verifies that the data and documents submitted meet all requirements, and may include those for a first-time homebuyer (income limits, sales price limits, targeted areas, homebuyer education, rate, term, points, fee limits, LTV, FICO score, special state, city, county program requirements for qualified military, first responders, teachers, etc.).

The Money Source (TMS) Fees

Service	Mortgage
1. Funding Fee	$319
2. Tax Service Fee	$80
3. Fraud Prevention Fee	$20
4. Flood Life or Loan Certificate	$15

The TMS Funding Fee Schedule includes fees that may or may not be charged based on the loan options selected and if the loan compliance file has included all items. For example, TMS will not charge a Fraud Prevention Fee as long as the compliance file already includes a Fraud Report.

HHFDC FEES

HHFDC charges a $500 fee for the 1st mortgage. Payment is due to HHFDC at closing. Payment must be remitted via cashier's check, money order or business check, payable to Hawaii Housing Finance and Development Corporation, 677 Queen Street, Suite 300, Honolulu, Hawaii 96813. *Electronic payments are not accepted.*

The HHFDC Invoice is found in eHP FrontPorch using the eHProForms App.
The invoice and fee should be sent to the above address.

LENDER FEES AND COMPENSATION

Any fee and expense imposed by lender must be reasonable, customary, and comparable to other FHA, loans of similar size. All fees and expenses must be fully disclosed to the Borrower in accordance with federal, state, and local laws and regulations. Excessive fees, excessive expenses, and "Junk Fees" are considered contrary to HHFDC objectives and prohibited.

First Mortgage Origination Fee: 1% of eligible loan amount

Discount or Additional Points: Not allowed

Service Release Premium: 1.50% of first mortgage eligible loan principal amount outstanding as of the date of purchase by the Servicer, paid by the Servicer

Customary Charges Incurred by Lender: These should be nominal, customary, and justified as pass through costs. Examples are as follows:

- Financing Costs – legal fees, underwriting fees, and courier fees
- Settlement Costs – title and transfer costs, title insurance, survey/ILC, recording or registration costs
- Other Costs – document preparation fees, notary fees, hazard insurance premium, mortgage insurance premium, life insurance premium, prepaid escrow deposits and other similar charges allowable by the insurer/ guarantor.

CALCULATING INCOME

Program qualifying income considers the income of borrowers and their spouses (regardless of spouse's occupancy of the primary residence and whether or not a party to the loan) AND all household members 18 years of age or older (related or unrelated). When calculating Program Eligibility Income, there are two types of income to consider – income from an employer and income from all other sources. **Include all income unless specifically listed as excluded in this guide.**

Calculating Income from an Employer

Determine whether the Borrower receives **base pay only** or a combination of **base pay and additional income** from an employer.

Calculate "Base Pay from an Employer"

Regular Hours/Pay

1. Determine frequency of income - weekly, bi-weekly, semi-monthly, etc.
2. Identify documentation needed to support payment frequency and calculation.
3. Apply Calculation - *(Base Wage x Hours Worked in a Pay Period) x (# of Pay Periods Per Year)*
4. This should approximate the annualized YTD on VOE or paystubs. If not, check for additional pay, such as overtime, bonus, shift differential, etc. (Employers don't always break this out on the VOE).
5. See additional guidance on calculating base pay from an employer.

Hourly pay	Bi-weekly pay	Semi-Monthly pay
Multiply the pay per hour by the number of hours worked per week. Multiply total by 52 weeks a year.	Multiply the bi-weekly pay by 26.	Multiply the semi-monthly pay by 24.
Example: 1. $15 per hour x 40 hours a week = $600 2. $600 x 52 weeks a year = $31,200 3. $31,200 / 12 = $2,600 gross monthly base pay	*Example:* 1. $1,200 every two weeks x 26 pay periods a year = $31,200 2. $31,200 / 12 months = $2,600 gross monthly base pay	*Example* 1. $1,300 semi-monthly pay x 24 pay periods a year = $31,200 2. $31,200 / 12 months = $2,600 gross monthly base pay

Irregular Hours/Pay

1. Annualize YTD Earnings total.
2. Average prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.) Divide the resulting number by the number of months and days worked and then multiply that number by 12 months to get total average pay from an employer.
3. See additional guidance on calculating base pay from an employer.

Calculate "Additional Pay from an Employer":

1. In the Earnings section of paystub or VOE, look for additional income earned that is not included in **base**. (Sick, vacation, holiday, etc. is generally included in **base**.)
2. Add up all additional income that is included in the YTD Earnings Total and not part of **base**.
3. Average prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.). Divide the resulting number by the number of months and days worked, and then multiply that number by 12 months to get an average of **additional pay from an employer**.
4. See additional guidance on calculating additional pay from an employer.

TYPES OF INCOME

Determine if there are other sources of income, apart from wages from an employer.

Wages from an Employer

Base Pay

Definition/Inclusions	Exclusions
Regular Hours/Pay: Borrower is scheduled for the same number of hours per pay period. Gross salary or wage income from part-time, full-time, or seasonal work with regular hours/pay Irregular Hours/Pay: Variable hours, seasonal work, etc., such as nursing, restaurant, construction, retail or part-time work with varied hours or pay.	Income no longer available

Guidance

- Borrowers can't manipulate income (quit job, etc.) to become eligible.
- Include all income, including sick, holiday, and vacation pay.
- Average current YTD and prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.). The most recent federal income tax return may also be used for this purpose.
- Income documentation is required, and could include, but is not limited, to, paystubs, VOE, tax returns, W-2's, etc.
- Seasonal work requires the same documentation for variable pay as outlined above, but should also include any unemployment benefits, if applicable.
    - 1099s, tax returns, and/or verification from unemployment office to verify unemployment benefits

Additional Income from an Employer

Definition/Inclusions	Exclusions
Income over and above base pay, such as overtime, shift differential, bonuses, profit-sharing, tips, commissions, etc.	One-time (non-recurring) income; i.e., income received once that does not have a history and is unlikely to reoccur in the future.

Guidance

- Documentation of additional pay could include, but is not limited to, paystubs, VOE, etc.
- Average current YTD and prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings).
- Always use an average for overtime (unless employer and income history verifies OT was for one-time, special project, etc.), commissions, bonuses, shift differentials, and sick/vacation/holiday pay (if not already included in base pay).
- Include all income that is included in the YTD Earnings Total on a paystub or on a VOE.
- Any income that is determined to not be included in YTD Earnings Total (for example, employer-paid benefits or matches, such as an HSA match) does not have to be included in the Program Eligibility Income calculation.

Self-Employment/Business Income

Definition/Inclusions	Guidance

Individuals who earn their income through conducting a trade or business that they directly operate instead of working for an employer who pays them a salary or a wage.	• Determine gross annual income.
	• Use a two-year average from the most recent federal income tax returns.
	• Self-employment income documentation is required, and may include, but is not limited, to:
	  ○ Tax form Schedule C, most recent two years
	  ○ YTD Profit & Loss Statement
	  ○ Tax form Schedule K-1 (Form 1120S)
	• Request additional supporting documentation (i.e., current balance sheet and income statement) when necessary.
	• Deduct out-of-pocket business expenses such as office rent, telephone, etc., which are generally tax-deductible items.
	• Include all entertainment and travel expenses, private retirement contribution plans, and property or equipment depreciation. These items are generally tax-deductible, but must be added back for the Program Eligibility Income calculation if starting with the net income amount.
	• If a net loss, use $0. Do not subtract the loss from the Program Eligibility Income calculation.
	• Use caution with large variations in income (whether increase or decrease) when averaging two years' income. The determination in these cases should be documented and supported by the underwriter.

Income from Financial Assets

Definition/Inclusions	Exclusions	Guidance
Income from: trusts, annuities, dividends, royalties, interest earned from non- retirement accounts (savings, checking, money market, investments, mutual funds, etc.)	• One-time lump sum payments • Investments in retirement accounts (IRAs, VIPs, 403(b)'s, 401(k)'s) • Any cash withdraws from retirements accounts	• Always check tax returns for income from financial assets. • Include average of periodic payments, including recurring, lump-sum payments. • Where assets after closing exceed $5,000, calculate interest income based on the greater of actual income or imputed income based on the current passbook savings rate, as determined by HUD.

Insurance or Benefit Payments

Definition/Inclusions	Exclusions	Guidance
Periodic payments derived from: • Long-term care insurance • Disability insurance • Pensions • Death benefits	Do not include one-time, lump-sum payments.	Include periodic insurance or benefit payments at current level.

Government Transfer Payments

Definition/Inclusions	Exclusions	Guidance
Government transfer payments involve payments for which no current services are performed and are a component of personal income. • Retirement benefits • Disability benefits • Income maintenance benefits • Pensions • Veterans benefits • Federal education & training assistance • Public assistance • Worker's Compensation • Social Security benefits • Unemployment insurance compensation	• Food stamps • Government-paid child care paid directly to the provider • Foster care income • Section 8 vouchers	• Include all sources of this income at current level. Do not gross up.

Investment Property Net Rental Income

Definition/Inclusions	Exclusions	Guidance
Income from an Investment Property	Potential roommate income or rental income of future duplex or accessory dwelling unit	Calculate investment property net rental income • Monthly Gross Rent - Vacancy Loss = Gross Adjusted Rent • Gross Adjusted Rent – PITI and maintenance costs = Net Rental Income. If rental income is negative, enter $0. In addition, an operating statement may be used in lieu of using the above-referenced formula.

Child/Spousal Support

Definition/Inclusions	Exclusions	Guidance
Child support, child care, medical support, alimony, spousal maintenance	Court-ordered support not received; must document support was not received	• Use average of actual support received. • Review divorce/child support agreement. • Check with county social service agency to determine whether any payment adjustments have been made since the original payment schedule. • Cross-check payment schedule with bank statements, etc.

Regular Cash Contributions

Definition/Inclusions	Exclusions	Guidance
Regular cash contributions from non-resident(s)		Check bank statements for regular cash contributions. Include all regular cash contributions from non-residents.

Employee Allowances

Definition/Inclusions	Exclusions	Guidance
Car, cell phone, per diems, etc.	• Do not include any car, cell phone, travel per-diem, etc.	

Custodial Account Income

Definition/Inclusions	Exclusions	Guidance
Unearned income paid to children age 20 or younger, who live with the Borrower(s) 50% of the time or more	• 529 plans • Accounts where someone other than the parents are named as custodian. • Unearned income of adult dependents age 21 or older	Include all custodial account income.

Other Sources of Income

Definition/Inclusions	Exclusions	Guidance

• Contract-for-deed interest income
• Any other sources of income as identified or represented in the loan file and applicable documentation.
	• Loans; scholarships; grants and tuition reimbursement;
	• Earned Income Tax Credit refund payments; health insurance premium reimbursements (deducted from gross pay) and any out-of-pocket expense (co-pays, etc.) reimbursements
	• One-time lump sum (non-reoccurring) payments from:
	  ○ Inheritances
	  ○ Insurance settlements
	  ○ Lottery winnings
	  ○ Gambling winnings
	  ○ Capital gains
	  ○ Liquidation of assets
	  ○ Settlements for personal loss
		• Always include other sources of income not specifically excluded.
		• For contract-for-deed interest income, include interest portion of payments per the terms of the agreement/contract.