

Benefits of the 184A Loan Guarantee Program

The purpose of the HUD Section 184A Native Hawaiian Loan Guarantee Program is to encourage and facilitate the investment of private sector capital to finance mortgage loans for single-family homes on Hawaiian Home Lands. HUD-approved Section 184A Lenders invest private capital to finance the homes and HUD assumes the credit and collateral risks associated with the guaranteed transactions.

Benefits associated with the HUD Section 184A program include:

- Available for single-family owner-occupied homes on Hawaiian home lands.
- Low down payment of 2.25% based on the lower of the appraised value or cost to acquire the home.
- Uses 184A maximum mortgage limits subject to appraised value and down payment requirements. By county:

Hawaii	\$470,250
Honolulu	\$544,185
Kalawao	\$200,160
Kauai	\$544,185
Maui	\$544,185

- 1% financeable guarantee fee at closing (no private mortgage insurance or monthly mortgage insurance premium). Comparison to FHA Section 247 Upfront Mortgage Insurance Premium:

FHA UFMIP Fee Schedule - Finance Rate

Mortgage Term:	Percentage of Loan Amount:
Less than 18 years	2.4%
18-22 years	3.0%
23-25 years	3.6%
Over 25 years	3.8%

- Eligibility includes: New construction, rehabilitation, and purchase of an existing home. Limited refinance guarantee authority also available.
- One qualifying ratio: 41% total debt to gross income ratio.
- 100% guarantee to the lender in the event of borrower default and claim to HUD.
- A strong secondary market exists: Fannie Mae, Freddie Mac, Federal Home Loan Bank of Seattle, and Ginnie Mae.
- A creditworthy borrower that meets the minimum program eligibility criteria may assume loans.