



University of Hawai'i Mortgage Assistance Program

The University of Hawai'i Mortgage Assistance Program was established between the University of Hawai'i (UH) and the Bank of Hawai'i (Bank) to assist eligible and bank qualified UH personnel become first time home buyers.

Under this program, the Bank will extend a first and second mortgage loan to qualified UH personnel. The University will provide credit support for the second mortgage which will enable the Bank to issue a special mortgage loan package to approved UH personnel.

This mortgage assistance guarantee program is being introduced as a pilot program applicable to faculty on the University of Hawai'i at Mānoa (UHM) campus.

For this pilot program, eligible employees are defined as:

- employees who qualify under Bank of Hawaii's standard underwriting guidelines for the amount of financing being sought, and
- employees who meet UHM's criteria on faculty retention.

The objective of this pilot program is to maintain excellence and quality in University programs and thus, tenured faculty, in consideration of their scholarly teaching service contributions to UH Mānoa, will be given priority.

Basic Program Elements:

Mortgage limits:

- 1st mortgage up to the lower of 80% of purchase price or appraised value of property
- Maximum 1st mortgage loan amount is \$625,500
- 2nd mortgage up to 17% of purchase price
- Maximum 2nd mortgage guarantee is \$125,000
- Borrower must provide a down payment of at least 3% of the purchase price
- No PMI – private mortgage insurance

Loan Rates:

- Standard Bank of Hawai'i pricing and lock-in policies
- 0.25% reduction in first mortgage loan fees (points)
- No points on 2nd mortgage
- 2% reduction on 2nd mortgage rate subject to a minimum rate of 5%

To apply to participate in the University of Hawai'i Mortgage Assistance Program, please complete the application form (Form A).

Timeline:

August 28, 2009: Applications due to respective Dean/Director for review and prioritization

September 11, 2009: Prioritized list of applicants due to respective Vice Chancellors

September 25, 2009: Notification to applicants

Documents:

Exhibit A – University of Hawai'i Mortgage Assistance Program Process

Exhibit B – Mortgage Assistance Program Tri-Party Agreement

Form A – Application to Participate in the University of Hawai'i Mortgage Assistance Program



University of Hawai'i Mortgage Assistance Program Process

- Step 1: Applicant is responsible for reviewing all documentation pertaining to the Mortgage Assistance Program. Upon consent of the terms and conditions of the program, applicant completes and signs the Application to Participate in the University of Hawai'i Mortgage Assistance Program (Form A).
- Step 2: Applicant submits the completed, signed Form A to their respective Dean/Director for review and recommendation.
- Step 3: The Dean/Director will prioritize all applicants and forward prioritized list and completed Form As to their respective Vice Chancellor.
- Step 4: The Chancellor will make the selection based upon the reviews and recommendations of the Vice Chancellors.
- Step 5: The Chancellor's Office will notify Auxiliary Enterprises of their decision.
- Step 6: Auxiliary Enterprises will notify all applicants of the decision made regarding their application.
- Step 7: If selected, the applicant will be contacted by a Bank of Hawai'i mortgage loan representative with information regarding the mortgage loan application process. All questions regarding the mortgage loans should be directed to the Bank of Hawai'i mortgage loan representative.

**MORTGAGE ASSISTANCE PROGRAM
TRI-PARTY AGREEMENT**

This **MORTGAGE ASSISTANCE PROGRAM TRI-PARTY AGREEMENT** (“Agreement”) is made this _____ day of _____, by and between the **UNIVERSITY OF HAWAII**, the state university and a public corporation of the State of Hawaii, whose principal place of business and mailing address is 2444 Dole Street, Bachman Hall 201, Honolulu, Hawai‘i 96822 (“UH”), **BANK OF HAWAII**, a Hawaii bank, whose principal place of business and mailing address is _____ (“Bank”), and _____, whose mailing address is _____ (“Employee”).

RECITALS:

A. Bank and UH have entered into a Mortgage Assistance Program Agreement dated _____ (as amended from time to time, the “Mortgage Assistance Program Agreement”) whereby Bank will extend a first mortgage loan and a second mortgage loan to eligible and qualified personnel of UH for the purchase of a first home in Hawaii (“Mortgage Assistance Program”). As a condition for Bank offering these loans, UH has agreed to provide credit support to Bank for the repayment of all amounts due under the second mortgage loans, as set forth in the Mortgage Assistance Program Agreement. The terms and conditions of the Mortgage Assistance Program Agreement are incorporated herein by reference.

B. Employee has applied to Bank for a first mortgage loan and a second mortgage loan to purchase a home under this Mortgage Assistance Program. A description of the subject property is attached hereto as Exhibit “A” (the “Property”).

C. Bank is willing to extend a first mortgage loan (“First Mortgage Loan”) and a second mortgage loan (“Second Mortgage Loan”) to Employee for the purchase of the Property under the terms and conditions described in this Agreement.

AGREEMENT:

NOW THEREFORE, for and in consideration of the foregoing, the parties agree as follows:

1. **UH Credit Support.** UH shall guarantee the repayment by Employee to Bank of the principal amount of the Second Mortgage Loan made by Employee, in addition to accrued interest, costs and expenses related to the Second Mortgage Loan; provided, however, that each such guarantee shall be enforceable only against the Guaranty Account (as defined in the Mortgage Assistance Program Agreement) and shall be without recourse to any other asset of UH, including, without limitation, any other deposit account maintained by UH. In no event shall UH have any liability to Bank for any amount in excess of the balance, from time to time, of the Guaranty Account. The

guaranty shall remain in full force and effect until the entire Second Mortgage Loan, including all unpaid principal, accrued interest, costs and expenses, is repaid, or the balance in the Guaranty Account is exhausted, whichever first occurs.

2. **Eligibility of Employee.** UH has determined that Employee is eligible to participate in the Mortgage Assistance Program and has provided Employee with a letter evidencing his or her eligibility.

3. **Requirements for First Mortgage Loan and Second Mortgage Loan.** Bank shall determine the types of mortgage loans available and the loan qualification criteria which Employee must satisfy for the Mortgage Assistance Program. Among other requirements, the following shall apply to the First Mortgage Loan and the Second Mortgage Loan:

a. The First Mortgage Loan and the Second Mortgage Loan must be for the purchase of a new or existing dwelling and shall not include construction loans.

b. Employee must intend to live on the Property as his or her own principal residence.

c. The First Mortgage Loan and Second Mortgage Loan shall not be assumable.

4. **Loan Payments through ACH.** Employee shall establish an ACH account to make the monthly payments for the First Mortgage Loan and the Second Mortgage Loan.

5. **Termination of Employment/Owner Occupant Status.** In the event that Employee is no longer a full time employee of UH or an owner-occupant of the dwelling, Employee shall notify Bank and UH of such change and shall have thirty (30) days from the date Employee either leaves employment or no longer occupies the Property to refinance the Second Mortgage Loan. If Employee fails to refinance the Second Mortgage Loan within the thirty (30) day period, Bank shall have the right to declare all amounts due under the Second Mortgage Loan immediately due and payable. Bank shall exercise such acceleration right if so directed by UH in writing.

6. **Indemnification of UH by Employee.** Employee agrees to indemnify and hold UH harmless from any and all losses, damages and expenses, including reasonable attorneys' fees incurred by UH, arising from or relating to Employee's failure to perform any of his or her obligations under the Mortgage Assistance Program including, without limitation, Employee's obligation to timely pay all amounts due under the Second Mortgage Loan in accordance with its terms. If, upon any default by Employee under the Second Mortgage Loan, Bank properly withdraws any amount from the Guaranty Account, Employee shall promptly pay UH an amount equal to the amount so withdrawn, together with interest at the highest default rate provided under the Second Mortgage Loan and UH's reasonable costs of collection and attorneys' fees. Employee

acknowledges and agrees that Bank may, if a default under the Second Mortgage Loan is not timely cured, assign the note and mortgage for the Second Mortgage Loan to UH in accordance with the Mortgage Assistance Program Agreement, in which event UH may proceed to enforce such note and mortgage in accordance with their terms.

7. **Binding Effect.** All of the terms, covenants and conditions of this Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns.

8. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii. The venue for any action with respect to this Agreement shall be in Honolulu, Hawaii.

9. **Notice.** Any notice permitted or required under this Agreement shall be in writing and shall be hand-delivered or deposited in the mail, return receipt required to the addresses set forth below:

If to UH: Vice President for Budget and Finance/
Chief Financial Officer
Bachman Hall 201
2444 Dole Street
Honolulu, HI 96822

If to Bank: Bank of Hawaii
Mortgage Servicing Department
P. O. Box 3650
Honolulu, HI 96811
Re: UH Mortgage Assistance Program

If to Employee: _____

Either party may change the address to which notices and other communications are to be sent by giving written notice to the other party, as provided herein, of such change in address.

10. **Validity and Severability.** Each provision of this Agreement shall be construed in such manner as to give such provision the fullest legal force and effect possible. To the extent any provision herein (or any part of such provision) is held to be unenforceable or invalid, the unenforceability or invalidity of such provision (or part thereof) shall not affect the enforceability or validity of the remaining provisions hereof (or of the remaining parts of such provision) which shall remain in full force and effect.

11. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute

one and the same instrument. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

12. **Provision of Loan Documents to UH.** Bank shall provide copies of the note, mortgage, and this Tri-Party Agreement for the First Mortgage Loan and Second Mortgage Loan to UH within 30 days after closing. In the event of any amendment, modification, or assignment of such note, mortgage, or other document, Bank shall provide a copy of such amendment, modification, or assignment to UH within 30 days of the date thereof.

[The following page is the signature page.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

UNIVERSITY OF HAWAII.
the state university and public corporation
of the State of Hawaii

By _____
Title:

BANK OF HAWAII,
a Hawaii Bank

By _____
Title:

EMPLOYEE



Application to Participate in the University of Hawai'i Mortgage Assistance Program

Name: _____ Date: _____

College/Department/Division: _____

Terms and Conditions of the Pilot Program:

- I am a tenured faculty member at the University of Hawai'i at Mānoa.
- I am a first-time home buyer and this will be my primary residence.
- The loan proceeds will be used to purchase a new or existing dwelling – no construction loans.
- I understand that the loans are not assumable.
- The property will not be leased or rented without written approval from the Chancellor of the University of Hawai'i at Mānoa or designee.
- I must qualify for both loans under criteria determined by Bank of Hawai'i.
- I understand that Bank of Hawai'i will determine the type of mortgage loan available and the loan qualification criteria.
- I agree to establish an account with Bank of Hawai'i to process the monthly loan payments.
- I understand that the second mortgage loan must be refinanced within 30 days should I leave the University of Hawai'i at Mānoa or not occupy the property as my primary residence.
- I agree to hold the University of Hawai'i harmless for all losses, damages, and expenses related to my failure to perform any obligation under the Mortgage Assistance Program.
- I understand that the Mortgage Assistance Tri-party Agreement (Exhibit B) executed between the University of Hawai'i, Bank of Hawai'i, and the applicant will determine the terms, conditions, and responsibilities of the program participants.

I have reviewed and answered YES to all terms and conditions listed above. I therefore submit my application for consideration to participate in the University of Hawai'i Mortgage Assistance Program.

Applicant (Signature) Date

Dean/Director (Original signature) Date