

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

March 24, 2020

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Dean Oshiro, Acting Administrator,
Homestead Services Division

SUBJECT: Postponement of Mortgage Payments

RECOMMENDED MOTION/ACTION

To approve the postponement of mortgage loan payments for all Department of Hawaiian Home Lands ("DHHL") direct loans and loans assigned to DHHL for a period of six (6) months, effective with the April 2020 payment.

Lessees/borrowers that may need an additional six (6) months postponement can request relief from the department and will be evaluated on a case-by case basis. Requests for further postponements will be presented to the Hawaiian Homes Commission for consideration/action.

DISCUSSION

The Hawaiian Homes Act ("HHCA") Section 215 (2) reads...
"The payment of any installment due shall be postponed in whole or in part by the department for such reasons as it deems good and sufficient and until such later date as it deems advisable. Such postponed payments shall continue to bear interest on the unpaid principal at the rate established for the loan."

As COVID 19 continues to impact the health and the finances on a global scale, many of our lessees/borrowers have been or will also be affected. Individuals have been laid off, have had a reduction in income due to work hours being decreased, have taken time off (maybe without pay) to care for themselves or family members who have contracted the virus or are "quarantined" due to the virus, as well as other various reasons.

As such, DHHL is proposing to postpone mortgage loan payments beginning with the April 2020 payment through the September 2020

payment. The billing of payments will then begin with the October 2020 payment, unless the postponement is continued for an additional six (6) months for just cause, which would then initiate payments again in April of 2021. Interest will continue to occur during the postponement period however, no late fees shall be assessed.

Payments postponed shall be deferred to the maturity date of the loan. If the contract does not specify a maturity date, once the postponement period ends, the contracted loan payments shall continue until the loan is paid in full.

If a lessee/borrower decides to continue making payments or makes a payment during this period, DHHL will process the payment as in the normal course of business.

We humbly request approval of this item as submitted.