

# Bank of Hawaii

## Fast Track Property Development Loan Program

*Helping small-lot owners maximize benefits under Bill 7*

### Program Overview

Loan Type:	Construction-to-permanent loan
Property Type:	Apartment buildings and mixed-use properties
Purpose:	To develop affordable rentals on 5,000-20,000 square foot lots
Loan Amount:	Up to \$10 million
Interest Rate:	Competitive rates
Term:	Up to 10 years for construction-to-permanent loans
Loan Fee:	Competitive fees
Closing Costs:	Costs related to, but not limited to, the appraisal, loan documentation, preliminary title report, ALTA insured title policy, flood certification and recordation costs.
Other Benefits:	<ul style="list-style-type: none"><li>• Knowledgeable and dedicated loan team</li><li>• Easy and simplified loan process</li></ul>

**For more information, contact one of our Commercial Real Estate Professionals.**



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# Eligibility & Requirements

## PROPERTY

Lot must be 20,000 square feet or less and currently zoned as Apartment, Apartment Mixed Use or Business Mixed Use.

### MAXIMUM NUMBER OF UNITS IN NEW DEVELOPMENT

5,000 square foot lot	25 units
10,000 square foot lot	50 units
15,000 square foot lot	75 units
20,000 square foot lot	100 units

## INCOME LIMITS & MAXIMUM RENTS

At least 80 percent of units in your new development must be rented to tenants earning 100 percent of Area Median Income (AMI) or less, at no more than 100 percent AMI rents, as determined by the Department of Housing and Urban Development (HUD). For more information on HUD income and rent limits, visit: [www.huduser.gov](http://www.huduser.gov).

## GETTING STARTED

1. Confirm that your property is eligible according to Bill 7's zoning and lot size requirements.
2. Assemble your team of professionals (general contractor, architect, engineer, etc.) and perform thorough due diligence and background checks.
3. Determine what you want to build, including the number of units and unit mix (i.e. studios, 1-bedroom units, etc.).
4. Complete your budget, which would at least include the following:

### Soft Costs

- Architectural
- Engineering, Civil and Structural
- Accounting
- Other

### Hard Costs

- Labor and Material
- Contingency

### Land

- Equity or Acquisition

### Finance Costs

- Bank Fees
- Title and Escrow Fees

### Interest Reserves

- Based on projected interest payments due during the construction period

## FINANCING YOUR PROJECT

### How would I finance my project?

Construction-to-Permanent Loan with a 10-year term. Periodic draws will be made during the construction period based on certain completion milestones and satisfactory inspections.

### How much could I borrow?

Maximum loan amount to be determined by the bank based on the project budget and net operating income from the property.

### How would I repay the loan during construction?

Interest-only payments due monthly based on the outstanding balance with draws from interest reserves. Interest reserves would be funded by loan proceeds and set aside to be specifically used for loan payments.