

Hawaii Emergency Loan Program – Security Deposit Collateral Loan

In 2018, Hawaiian Community Assets (HCA) and Hawaii Community Lending (HCL) partnered to launch the Hawaii Emergency Loan Program (HELP) to provide Hawaii residents with free financial counseling and loans for emergency housing payments.

HCA and HCL recently expanded HELP in response to the economic impact of coronavirus outbreak on tenants and landlords by providing emergency loans to help pay monthly rent using tenants' security deposits as partial collateral. HELP has maintained a 2.5% default rate with 98.5% of borrowers successfully paying back their loans.

How It Works

1. Landlords contact HCL and sign agreement committing to provide HCL with tenant security deposit as loan collateral if tenant approved for a loan.
2. Landlord provides borrower with HCL emergency loan application.
3. Tenant completes application and submits with copies of required documents to HCL.
4. HCL processes and underwrites the loan.
 - a. If denied, HCL refers the tenant to an emergency grant program for assistance.
5. HCL approves tenant for Emergency Loan and contacts Landlord to provide tenant security deposit to HCL prior to receiving loan proceeds check.
6. HCA counselor schedules loan closing with tenant and provides financial counseling to setup an emergency household budget, review credit, and create an emergency financial action plan.
7. HCL issues loan proceeds check to Landlord once HCL receives tenant security deposit from Landlord.
8. Tenant pays back HCL based on their loan agreement through ACH and works with their HCA counselor on continued financial counseling.
9. HCL returns tenant security deposit to Landlord upon successful repayment of the emergency loan.
 - a. If tenant defaults on the loan, the security deposit collateral is used to pay off the loan balance with remainder of deposit, if any, returned back to the landlord.

Loan Terms

Loan Amount	Up to \$5,000
Security	Tenant security deposit equal to 50% of the loan amount. Paid by Landlord to HCL prior to receiving loan proceeds check and held by HCL until loan is paid in-full or loan defaults.
Interest Rate	Fixed at 10%-15% APR based on risk rating
Term	Up to 60 months
Maximum Back-End DTI	60%. Borrowers with higher DTI would be considered and approved by HCL based on risk rating and security deposit collateral.
Repayment	Flexible payments, including interest-only with principal and interest payments thereafter. Payments will be collected via ACH.
Financial Education	Borrower must complete financial counseling with HCA prior to closing.
Eligible Borrower	Borrower must be a resident of the State of Hawaii, at least 18 years old, and have a bank account. Borrowers without bank accounts will be required to open a free EASE account with Bank of Hawaii, or similar account.
Late Fee	\$5 is assessed on the overdue amount on the 15 th day after the payment due date. Hawaii Community Lending may waive this fee in unusual circumstances.
Return Fee	\$25 is assessed on borrower payments that are returned for insufficient funds. Hawaii Community Lending may waive this fee in unusual circumstances.

Contact

Landlords interested in the loan program should contact HCL Director of Lending and Development, Jeff Gilbreath, at 808.587.7653 or jeff@hawaiiancommunity.net.