

DANNY A. MATEO  
County Clerk



447-29  
JOSIAH K. NISHITA  
Deputy County Clerk

**OFFICE OF THE COUNTY CLERK**  
COUNTY OF MAUI  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
www.mauicounty.gov/county/clerk

September 7, 2018

Honorable Stacy Crivello, Chair  
Housing, Human Services, and  
Transportation Committee  
Council of the County of Maui  
Wailuku, Hawaii 96793

RECEIVED  
2018 SEP -7 PM 3:55  
OFFICE OF THE  
COUNTY COUNCIL

Dear Chair Crivello:

By letter dated August 10, 2018 (County Communication No. 18-292), the Director of Finance transmitted 152 contracts/grants for filing with the County Clerk.

At the September 7, 2018 Council meeting, the foregoing communication was filed; however, Grant No. G4551-1 was referred to your Committee at your request. Transmitted is a copy of the grant.

Respectfully,

A handwritten signature in black ink, appearing to read "Danny A. Mateo", written over a horizontal line.

DANNY A. MATEO  
County Clerk

/jym

Enclosures

cc: Director of Council Services

**AMENDMENT TO GRANT CERTIFICATION**

I, **MARK R. WALKER**, Director of Finance of the County of Maui, State of Hawaii, do certify that there is available appropriation or balance of an appropriation over and above all outstanding contracts, sufficient to cover the amount required by the foregoing contract, i.e.

Appropriation Index	Title	Amount Required
<u>101018</u>	<u>AFFD'LE HSG FABMAC HOMES (6317)</u>	<u>\$ 0.00</u>

Grant No. G 4551 FABMAC HOMES, INC.

Amendment No. 1 Dated:

Dated this 18 day of JUNE 2018

Extension of Grant: June 30, 2020

Original amount	\$ 1,500,000.00
Prior amendments	\$ 0.00
This amendment	<u>\$ 0.00</u>
Total	<u>\$ 1,500,000.00</u>

  
\_\_\_\_\_  
MARK R. WALKER  
Director of Finance

**Time extension only.**  
Fabmac Affordable  
Housing Project for DHHC

FY 2018

Jh 

FIRST AMENDMENT TO GRANT NO. G4551

Source of Funds: AFFORDABLE HOUSING FUND  
FY18 Budget Ordinance, Appendix A, Part II

Additional Certification Requested: \$0.00

This FIRST AMENDMENT TO GRANT NO. G4551, made this 26th day of June, 2018, by and between FABMAC HOMES, INC., a Hawaii corporation, whose mailing address is 200 Hina Avenue, Kahului, Hawaii 96732, hereinafter called "Grantee", and the COUNTY OF MAUI, a political subdivision of the State of Hawaii, whose principal place of business is 200 South High Street, Wailuku, Maui, Hawaii 96793, hereinafter called "County", and collectively referred to as the "Parties".

RECITALS:

1. The Parties entered into Grant No. G4551 dated September 25, 2017, on file with the Director of Finance and incorporated herein by reference; and
2. The parties wish to amend said Grant to extend the time of performance.

AMENDMENT OF GRANT

1. Section C., Performance Schedule, is amended to read as follows:

"C. Performance Schedule. Grantee shall complete its Project on or before June 30, 2020, subject to such extensions as

may be agreed to in writing by County, and unless sooner terminated as provided herein.”

2. All other provisions of this Grant, as amended, shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment on the day, month and year first above written.

GRANTEE:

FABMAC HOMES, INC.

By Francis Carey  
(Signature)

Francis Carey  
(Print Name)

Its President  
(Title)

By \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Its \_\_\_\_\_  
(Title)

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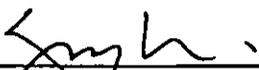
COUNTY OF MAUI:

By   
ALAN M. ARAKAWA  
Its Mayor

APPROVAL RECOMMENDED:

  
~~CAROL K. REIMANN~~ Jan Shishido  
Acting Director, Department of Housing  
and Human Concerns

APPROVED AS TO FORM  
AND LEGALITY:

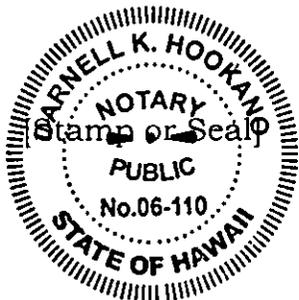
  
GARY Y. MURAI  
Deputy Corporation Counsel  
County of Maui  
LF2017-0909  
2018-05-23 Amd 1

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STATE OF Hawaii )  
County of Maui ) SS.

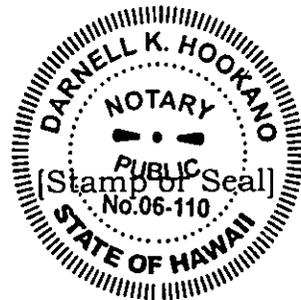
On this 31 day of May, 2018, before me personally appeared Francesca Caroy, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



[Signature]  
Notary Public, State of Hawaii  
Print Name: DARNELL K. HOOKANO  
My Commission Expires 2/26/2022  
My Commission Expires: 2/26/2022

NOTARY PUBLIC CERTIFICATION		
Doc. Date:	<u>May 31, 2018</u>	# Pages: <u>59</u>
Notary Name:	<u>Darnell K Hookano</u>	Judicial Circuit: <u>2</u>
Doc. Description:	<u>First Amendment to Grant No. 64557</u>	
Notary Signature:	<u>[Signature]</u>	
Date:	<u>5/31/18</u>	



STATE OF \_\_\_\_\_ )  
 ) SS.  
\_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Stamp or Seal]

Notary Public, State of \_\_\_\_\_

Print Name: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

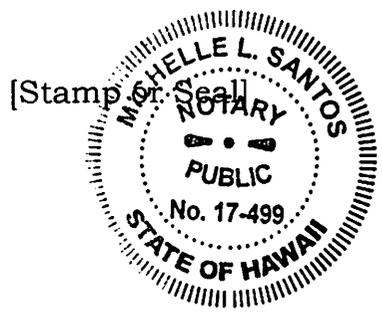
<b><u>NOTARY PUBLIC CERTIFICATION</u></b>			
Doc. Date:	_____	# Pages:	_____
Notary Name:	_____	Judicial Circuit:	_____
Doc. Description:	_____		
	_____		
	_____		
	_____		
Notary Signature:	_____		
Date:	_____		

[Stamp or Seal]

STATE OF HAWAII }  
COUNTY OF MAUI } SS.

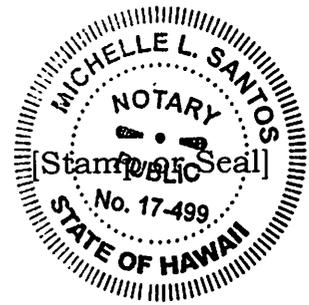
On this 26th day of June, 2018, before me personally appeared ALAN M. ARAKAWA, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Section 7-5.11 and Section 9-18 of the Charter of the County of Maui; and the said ALAN M. ARAKAWA acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Michelle R. Santos  
Notary Public, State of Hawaii  
Print Name: MICHELLE L. SANTOS  
My commission expires: 12-31

NOTARY PUBLIC CERTIFICATION			
Doc. Date:	<u>6-26-18</u>	# Pages:	<u>59</u>
Notary Name:	<u>MICHELLE L. SANTOS</u>	Judicial Circuit:	<u>2nd</u>
Doc. Description:	<u>Grant Agreement of County Lands grant #04551</u>		
Notary Signature:	<u>Michelle R Santos</u>		
Date:	<u>6-26-18</u>		



**GRANT AGREEMENT CERTIFICATION**

I, **DANILO F. AGSALOG**, Director of Finance of the County of Maui, State of Hawaii, do certify that there is available appropriation or balance of an appropriation over and above all outstanding contracts, sufficient to cover the amount required by the foregoing contract, i.e.

<u>Appropriation Index</u>	<u>Title</u>	<u>Amount Required</u>
<u>101018</u>	<u>AFFD'LE HSG FABMAC HOMES</u>	<u>(6317) \$ 1,500,000.00</u>

GRANT AGREEMENT      G 4551      FABMAC HOMES, INC.

Dated this 22 day of AUGUST 2017  
Grant Period: June 30, 2018

  
\_\_\_\_\_  
Fu **DANILO F. AGSALOG**  
Director of Finance

Fabmac Affordable Housing  
Project for DHHC  
ORDINANCE NO. 4456 (FY2018)

FY 2018  
jh *ang 8/22* *jsd*

*2/4*  
*2/15*

**ALAN M. ARAKAWA**  
Mayor



**DANILO F. AGSALOG**  
Director of Finance

**MARK R. WALKER**  
Deputy Director of Finance

**COUNTY OF MAUI  
DEPARTMENT OF FINANCE  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793**

**September 26, 2017**

Fabmac Homes, Inc.  
200 Hina Avenue  
Kahului, HI 96732

**RE: FABMAC AFFORDABLE HOUSING PROJECT  
GRANT NO. G4551**

Dear Fabmac Homes, Inc.:

Transmitted is a copy of the fully executed grant agreement for your file.

Sincerely,

*for Danilo F. Agsalog*  
Danilo F. Agsalog  
Director of Finance

DFA:dda  
Enclosure

xc: Department of Housing & Human Concerns, Housing Division

GRANT AGREEMENT OF COUNTY FUNDS

Fabmac Affordable Housing Project

(Grant Agreement No. G4551)

Source of Funds: Affordable Housing Fund

FY18 Budget Ordinance, Appendix A, Part II

Total Certification Requested from County: \$1,500,000.00

THIS AGREEMENT, made this 25<sup>th</sup> day of September, 2017, by and between FABMAC HOMES, INC., a Hawaii corporation, whose mailing address is 200 Hina Avenue, Kahului, Hawaii 96732, hereinafter called "Grantee", and the COUNTY OF MAUI, a political subdivision of the State of Hawaii, whose principal place of business is 200 South High Street, Wailuku, Maui, Hawaii 96793, hereinafter called "County", collectively referred to as the "Parties".

W I T N E S S E T H:

WHEREAS, Grantee applied for a grant from the County's Affordable Housing fund pursuant to Chapter 3.35, Maui County Code; and

WHEREAS, after review of the various proposals submitted, Grantee's proposal was selected for inclusion in the Affordable Housing Fund Annual Plan; and

WHEREAS, funding for Grantee's proposal, as more fully described in Exhibit "A", attached hereto and made a part hereof, was included in the Annual Budget Ordinance; and

NOW, THEREFORE, the Parties, in consideration of the mutual promises hereinafter set forth, hereby agree as follows:

A. Scope of Program. Grantee shall complete its Project in accordance with Exhibit "A".

B. Program Budget. The County agrees to make available as a grant to the Grantee, a sum not to exceed ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00) in grant funds. Grantee shall utilize all County funds granted hereunder solely for Grantee's Project as described in Exhibit "A".

C. Performance Schedule. Grantee shall complete its Project on or before June 30, 2018, subject to such extensions as may be agreed to in writing by County, and unless sooner terminated as provided herein.

D. General Conditions. In consideration of a grant of County funds, the Grantee agrees to complete its Project in accordance with the General Terms and Conditions, attached hereto as Exhibit "B" and made a part hereof.

E. Special conditions. In further consideration of the grant of County funds, the Grantee agrees as follows:

1. Grantee shall comply with all of the requirements of Chapter 3.36, Maui County Code, in the event of a conflict with the requirements of Chapter 3.35, MCC, the provisions of Chapter 3.35, MCC, shall control; and

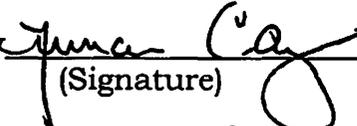
2. That title to any real property shall be held in perpetuity by Grantee unless conveyed to the County, or to a qualified nonprofit or community land trust; and
3. Grantee shall submit annual reports to the department documenting the progress toward implementing long-term management of the affordable housing project; and
4. The subject project shall not be sold, exchanged, divested, or converted to other uses that are inconsistent with the purposes set forth in Chapter 3.35, Maui County Code, without the prior approval of the Maui County Council by Resolution; and
5. In the event that the grantee dissolves or is adjudicated bankrupt pursuant to any applicable federal statute, title to any real property held by grantee which has been funded or improved by a grant or loan issued from the Affordable Housing Fund shall be conveyed to the County, or to a qualified nonprofit or community land trust as approved by the council; and
6. The grantee shall not distribute or redistribute grant or loan funds to other third-party organizations without the prior approval of the council; and

7. Grantee shall comply with any other requirements of Grantor.

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement  
on the day, month and year first above written.

GRANTEE:  
FABMAC HOMES, INC.

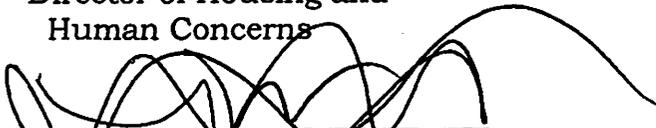
By   
(Signature)  
Francesca Carey  
(Print Name)

COUNTY OF MAUI

By   
ALAN M. ARAKAWA  
Its Mayor

APPROVAL RECOMMENDED:

  
CAROL K. REIMANN  
Director of Housing and  
Human Concerns

  
LYNN A.S. ARAKI-REGAN  
Budget Director

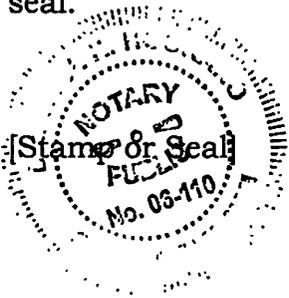
APPROVED AS TO FORM  
AND LEGALITY:

  
Deputy Corporation Counsel  
2017-0909  
2017-07-18 Grant Agreement

STATE OF HAWAII )  
 )  
COUNTY OF MAUI ) SS.

On this 1 day of August, 2017, before me personally appeared Francisca Carvey, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



[Signature]  
Notary Public, State of Hawaii  
Print Name: Darnell K Hookam  
My Commission Expires: 2/26/2018

NOTARY PUBLIC CERTIFICATION

Doc. Date: \_\_\_\_\_ # Pages: \_\_\_\_\_

Notary Name: Darnell K Hookam Judicial Circuit: 2

Document Description: Grant Agreement

Notary Signature: [Signature]

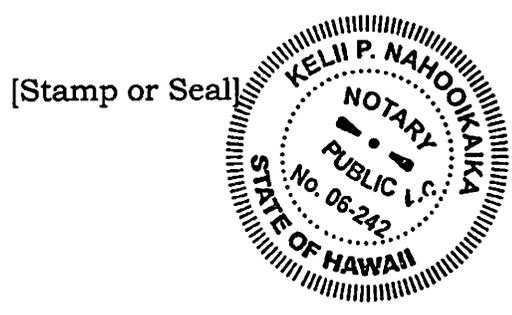
Date: 8/1/17



STATE OF HAWAII )  
 COUNTY OF MAUI ) SS.

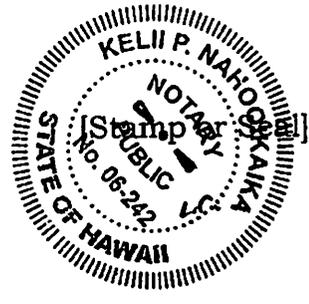
On this 26<sup>th</sup> day of September, 2017, before me personally appeared ALAN M. ARAKAWA, to me personally known, who, being by me duly swprn, did say that he is the Mayor of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Section 7-5.11 and Section 9-18 of the Charter of the County of Maui; and the said ALAN M. ARAKAWA acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Kelii P. Nahooikaika  
 Notary Public, State of Hawaii  
 Print Name: KELII P. NAHOOIKAIKA  
 My commission expires: 4-30-18

NOTARY PUBLIC CERTIFICATION			
Doc. Date:	<u>9-25-17</u>	# Pages:	<u>50</u>
Notary Name:	<u>KELII P. NAHOOIKAIKA</u>	Judicial Circuit:	<u>2nd</u>
Doc. Description:	<u>grant agreement of county funds</u>		
Notary Signature:	<u>Kelii P. Nahooikaika</u>		
Date:	<u>9-25-17</u>		



**County of Maui  
Department of Housing and Human Concerns  
Affordable Housing Fund Program Application Form**

<b>Project Name:</b>	<b>FABMAC HOMES Affordable House Project: A LEED Pilot Project for Affordable Housing</b>
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**1. ENTITY INFORMATION**

**A) Entity Information**

Please type or print legibly the following information:

Entity's Name: <b>FABMAC HOMES, Inc</b>	
Entity's Tax ID Number: <b>20-4120677</b>	
Entity's Contact Name, Title: <b>Francesca Carey, President</b>	
E-Mail Address: <b>info@fabmachomes.com</b>	Phone Number: <b>808-244-0888</b>
Entity's Address: <b>33 Lono Ave. Ste. 310 Kahului, HI 96732</b>	Fax Number: <b>808-871-2422</b>

Please also include the information below if this application is being prepared by a person or entity different from the applicant. **Same as above.**

Application Preparer Name:	
Application Preparer Contact Name, Title:	
Application Preparer E-Mail Address:	Application Preparer Phone Number:
Application Preparer Address:	Application Preparer Fax Number:

The Entity is a:

- |   |  |
|---|--|
| <input type="checkbox"/> public agency                        | <input type="checkbox"/> private non-profit organization |
| <input checked="" type="checkbox"/> private for-profit entity | <input type="checkbox"/> Community Land Trust            |
| <input type="checkbox"/> other                                |  |

Non-Profit Articles of Incorporation (Include copy) – **N/A**

Corporate Bylaws (Include copy)- **See Appendix 1**

Financials (Include most current financial statement) – **See Appendix 2**



### 3. FORM OF ASSISTANCE

Check the appropriate type of assistance:

- grant  
 interest bearing loan (interest rate set at 3%)

If type of assistance is a loan, describe loan terms, loan repayment schedule and identify security/guarantee:

### 4. PROJECT SUMMARY

A. Project Name: **FABMAC HOMES Affordable House Project**

B. Location (town/community): **To be determined**

C. Tax Map Key #: **To be determined**

D. Detailed project description [please include an outline of the income categories the project will serve; location of project; total number of units; type of project (homeownership or rental); target group (family, elderly or other special needs group, specify group); form of assistance (loan or grant); use of affordable housing fund program funds (acquisition of vacant land, acquisition of residential building and rehabilitation, new construction, etc.); unit size (no. of bedroom/bath); other funding sources (if firm commitment or tentative commitment), status of entitlements (zoning, district boundary amendment, community plan, 201H variances); environmental review status; site control status; project schedule (from pre-development to occupancy or acquisition of site or building to occupancy); if project satisfies another developer's affordable housing requirement or not; community support, other county, state or federal agencies support or approval and needs analysis for the type of project:

#### ➤ Project Summary Overview:

The most challenging component in an affordable housing project is finding suitable Land. The long and arduous entitlement process, financing, the housing cycle, housing policies and government regulations are some of the barriers to providing affordable housing here on Maui. However, there are still opportunities to purchase individual lots (infill) within existing neighborhoods and thereby, eliminating some of those barriers. Cost of land still remains a problem unless the land cost can be subsidized.

To address this problem, FABMAC HOMES is applying for \$1,500,000 grant under the Maui County Affordable Housing Program, to be used to subsidize the acquisition of 9 existing, entitled, single family lots within the Island of Maui. FABMAC will provide additional funds to be applied to the balance of the cost of the lot at time of purchase; to be reimbursed by the homebuyer at time of closing from the long term take out loan. The relationship between FABMAC and the homebuyer during the interim period of purchasing the lot and building of a FABMAC home is similar to a construction loan; where upon completion, the home and lot will convert to a mortgage for the prospective qualified homebuyer. Grant funds would be disbursed at the time the individual lots are purchased to provide the needed housing subsidy. This project is 100% affordable. FABMAC HOMES is committed to providing affordable housing to the residents of Maui and also

retain all grant subsidies for a period of no less than 25 years. FABMAC will require the homebuyer upon any future resale, to sell to a qualified homebuyer within the same Maui County Affordable Housing Price Guidelines income category, to be recorded as a deed restriction.

➤ **Outline of the Income Categories:**

The grant funds would be used to subsidize the cost of acquiring 9 individual existing, entitled, single family lots (infill), utilizing the following criteria for each selected income category:

- Each Lot acquired – Market rate of existing entitled single family lot is approximately \$198,000 to \$300,000.
- FABMAC 3-4 bedroom home, 2 baths, approximately 997 to 1430 living square feet, includes carport - cost approximately \$220,000 to \$261,000 (depends on model selected).
- Site preparation would cost \$40,000 to \$60,000.

• **At or below 80% of median income: Lot 1, Lot 2, Lot 3 (each)**

➤ Grant funds from Maui County Affordable Housing Program would provide the subsidy to buy down the cost of lot 1, lot 2, lot 3.

Example: Lot cost -	217,000	(market rate)
FABMAC 3bdrm -	220,000	(997 living sq feet approx; carport included)
Site preparation-	<u>40,000</u>	(approx)
	477,000	
Grant subsidy-	<u>167,000</u>	(applied to land cost)
*Sales Price each	<u>310,000</u>	(*At or below 80% Income)

*\*Low income category@ current prevailing interest rate (4 to 4.375%) referenced in Maui Affordable Sales Housing Price Guidelines 2017*

• **At or below 80% of median income: Lot 4, Lot 5, Lot 6 (each)**

➤ Grant funds from Maui County Affordable Housing Program would provide the subsidy to buy down the cost of lot 4, lot 5, lot 6.

Example: Lot cost-	198,000	(market rate)
FABMAC 3bdrm-	245,000	(1326 living sq feet approx; carport included)
Site preparation-	<u>50,000</u>	(approx)
	493,000	
Grant subsidy-	<u>167,000</u>	(applied to land cost)
*Sales Price each	<u>326,000</u>	(*At or below 80% Income)

*\*Low income category@ current prevailing interest rate (4%) referenced in Maui Affordable Sales Housing Price Guidelines 2017.*

- **At 90% to 100% of median income: Lot 7, Lot 8, Lot 9 (each)**
- Grant funds from Maui County Affordable Housing Program would provide the subsidy to buy down the cost of lot 7, lot 8, lot 9.

Example : Lot cost -	300,000	(market Rate)
FABMAC  4bdrm-	261,000	(1430 living sq feet approx; carport included)
Site preparation-	<u>60,000</u>	
	621,000	
Grant subsidy-	<u>166,000</u>	(applied to cost of land)
*Sales Price each	<u>455,000</u>	(*4bdrm- At 90% to 100% Income)

*\*Below moderate to moderate income category@ current prevailing interest rate (4 bdrm – 4 to 4.250%) referenced in Maui Affordable Sales Housing Price Guidelines 2017.*

Upon approval of grant application, grant funds would be disbursed to FABMAC at the time lots become available for purchase per the terms of the grant agreement.

➤ **Location of Project**

The grant funds will be used to purchase existing, entitled, single family lots within the Island of Maui. In the selection of the lots, it will require they be zoned for single family dwellings with access to utilities already in place; priority given to vacant infill lots within existing neighborhoods.

➤ **Total number of Units**

The grant funding will be used to subsidize the cost of 9 lots and 9 FABMAC homes (single family dwellings 3-4 Bedrooms, 2 Bath, with carports and site preparation) constructed on each lot, to be sold to an income qualified homebuyer.

➤ **Type of Project**

This is a homeownership project.

➤ **The Target Group**

This project is targeted for Maui residents\*; particularly those workforce families who are in need of affordable housing within the Island of Maui.

*\*FABMAC HOMES Inc complies with The Fair Housing Act and HRS Chp 515 in selection of qualified homebuyers and all for sale real estate transactions.*

➤ **Form of Assistance**

The project is seeking a grant in the amount of \$1,500,000 to provide subsidy in the acquisition of 9 existing, entitled, single family lots within the Island of Maui.

➤ **Use of Affordable Housing Fund Program Funds**

Grant funds will be used for acquisition of 9 existing, entitled, single family lots; specifically to subsidize the cost of the lots acquired. FABMAC will provide additional funding upfront, for the balance of the cost of each lot; to be reimbursed by the homebuyer at time of closing of the take out loan. Upon completion of the home, the house and lot will convert to a mortgage obtained by the qualified homebuyer.

➤ **Unit size**

FABMAC will select the unit size ranging from 997 to 1430 square feet for a 3-4 bedroom, 2 bath home, with carport, and to include site preparation.

In the event a lot is purchased in an area where there is no county sewer hookup and a septic system is required. The additional cost for septic will be added into the total cost of site preparation (approximate total site cost 40,000 to 60,000 to include the septic system).

➤ **Other sources of funding**

None

➤ **Status of entitlements**

All necessary approvals will be in place, as these are existing entitled single family lots, except for building permits (to be applied for upon by FABMAC after acquisition of lots).

➤ **Environmental review**

Not applicable; FABMAC will be acquiring lots are already zoned for single family dwellings and already have all entitlements in place.

E. Provide an overview of a long-term management plan for the proposed project (please include tenant selection process; homebuyer selection process; compliance monitoring plan (annual verification of owner occupancy, verification of homeownership unit kept affordable for 25 years, rental unit kept affordable for life of unit, etc.)

- Homebuyers will be selected from a current list of buyers who have already contacted FABMAC HOMES. Through print media advertising, announcing the availability of affordable housing units, FABMAC will add other interested and qualified homebuyers to this list; thereby, giving all residents of Maui Island an opportunity to seek affordable housing ownership.
- Selection will be in order of first come first serve. An applicant screening will include homebuyer's desired location, unit size and income qualification in assessing their housing needs and eligibility.
- FABMAC will perform an annual survey of the buyers to verify that the unit is owner occupied.
- A deed restriction will be included in the closing documents that will limit the resale to buyers qualifying under Maui Affordable Sales Price Guidelines. The prospective buyer's lender will provide notification to FABMAC (based on preliminary title report) in the event any attempt to record the deed without compliance, occurs.

F. Provide a housing needs analysis for the type of project being developed (if citing information from housing needs studies or market analysis, reference the source document and include the pertinent pages of the source document) (document source if using statistics).

- *"Despite the production of over 60,000 housing units during the 1960's, decent housing and a suitable living environment elude many Hawai'i residents. In fact, there is persuasive evidence that more than one in every five Hawai'i households cannot afford the housing they occupy, one in five are overcrowded, and at least one in eight occupied substandard, dilapidated housing...Definitive housing policies and programs are needed to attack these problems." (Marshall Kaplan "Housing in Hawai'i: Problems, Needs, and Plans" March 1971)*

Some 45 years later this statement still has relevancy to the lack of affordable housing in Hawaii and particularly on Maui. "The Maui Island Housing Issue Paper" prepared by John Knox & Associates in December of 2006, indicated that for as long as Hawaii has been a state we have had the highest prices for housing in the nation and that Maui has often been among the highest of the 4 counties. It was also noted that Maui was the only county where the homeownership rate has not increased in 25 years (part A; pg 1).

RAM Chief Staff Executive, Terry Tolman, in his July 2015 report and throughout the remainder of 2015 (RAM website; Market Statistic reports), noted the window of opportunity was quickly closing for first-time homebuyers, and in fact the low point in the market had passed. Current RAM President, Jeannie Wenger stated in a Maui News Article, (July 26, 2016, "Local buyers being priced out of Maui real estate market") "the price of a home has gotten away from the average local homebuyer as prices have risen 2.3 times higher since 2000. Along with that, incomes have not kept pace." Ms. Wenger has confirmed the window for opportunity for first homebuyers has indeed closed and the low point in the market has passed.

The Realtors Association of Maui, Inc. has reported the median residential home price for the first half of 2016 as follows (RAM website; Market Statistics):

Month ending January 2016	\$630,000
Month ending February 2016	\$595,000
Month ending March 2016	\$610,750
Month ending April 2016	\$680,000
Month ending May 2016	\$620,000
Month ending June 2016	\$657,000
Month ending July 2016	\$599,000

For the month ending July 2016, RAM reported the median home price was at \$599,000. It should be noted that at the end of 2006 the median home price was \$632,500, 2007 - \$582,002, 2008 - \$ 567,500. In 2011 the median sales home price was \$405,000. During the crash of the housing market, Maui County had encountered some of the highest foreclosure rates within the state. Ms. Wenger noted the recent recession and foreclosure crisis on Maui provided opportunities for investors to purchase distressed homes, rehab them and mark them up for resale. Local buyers were out bid on these lower priced homes, and once again lost an opportunity to purchase an affordable home.

Ms. Wenger stated, "We will not be going back to the days when median priced homes may be affordable to local residents; the need is for three-bedroom, two-bathroom homes in the

\$400,000 range.” The low point in home prices has passed and the alternative for local homebuyers appears to be, saving for the down payment to purchase in the next housing cycle.

The housing problem incorporates many factors, cost burden (Hawaii residents often pay more than 50% of their income for housing expense), substandard units, overcrowding, lack of new housing (supply demand), long entitlement process for development of housing, high unemployment rates, less than living wages, failed housing policies all affect the opportunities for housing. Unfortunately, when decent, safe and affordable housing is unattainable to a large segment of the population, it can negatively affect the entire community and decreases the overall quality of life.

Housing is deemed as one of our most basic human needs; the Maui County General Plan 2030 has adopted this as a policy (Section IV; pg 58) and has set forth this priority with the intent to fulfill that need, by ensuring decent, safe and affordable housing is provided to all segments of the population through the plans policies, and implementing actions.

With the Maui County General Plan as a guide, it is the responsibility of all community members to work together in providing affordable housing opportunities. The County General Plan also has set forth policies encouraging collaboration between public and private sectors, to include all stakeholders, in providing affordable housing.

Maui County Department of Housing and Human Concerns have identified goals to increase housing opportunities in the Annual Action Plan of the Consolidated Plan for Program Year 2016, July 1, 2016 to June 30, 2017 (pg 19 Table). The Annual Goals and Objectives are focused on rehab of 12 existing rentals and 61 housing units for the elderly.

There is a vast need of affordable housing for all segments of the population (families, seniors, homeless etc) and government is limited in how much they can do, given funding constraints. Therefore, public private partnership is an answer to working together in achieving the goals of providing an increase of affordable housing opportunities within Maui Island.

FABMAC HOMES, Inc. is well informed of the current housing challenges that Maui Island faces and is willing to step forward from the private sector, to provide affordable housing opportunities for the residents of Maui, particularly for the workforce population.

FABMAC HOMES, Inc has brought to the housing market a new product to Maui, prefabricated Energy Star® Certified HUD homes; with the intent to acquire 9 existing, entitled, single family lots to construct those homes on. While it has been noted that the “window of opportunity for affordable housing has past” there are still opportunities to seek home-ownership affordability and FABMAC is offering an “innovative” project to achieve that goal. The project is consistent with the policies of the Maui County General Plan 2030; such as “seek innovative ways to lower the cost without compromising the quality of life.” (“B”pg 57).

The project as outlined in this application, does bring to the table increased opportunity for affordable homes by partnering with the County, through this grant program. Land is and will always be at a high cost. If grant funds could be utilized to subsidize the cost of the acquisition of 9 existing, entitled, single family lots with FABMAC providing the prefabricated homes, the opportunity for affordable housing can become a reality for qualified homebuyers. The lots already exist within neighborhoods that have already received the necessary entitlements. These lots are in established areas where infrastructure is in place and

neighborhood and/or regional amenities are in close proximity. Infill lots will already have zoning in place for single family dwellings.

There is a need for affordable housing, and overcoming the obstacles by working within the policies set by the County of Maui, may bring to fruition the increased opportunities for affordable housing here on Maui. FABMAC HOMES, Inc has presented a project where the use of grant funds is at its best and highest use in meeting the goal of providing increased affordable housing opportunities for local residents, particularly the workforce population. RAM President, Jeannie Wenger has clearly identified the need for homes in the \$400,000 price range to meet the needs of Maui's families seeking homeownership. FABMAC can deliver affordable home packages in that price range utilizing grant funding.

**G. Summary of amount and use of Affordable Housing Fund Program funds:**

	<u>Affordable Housing Fund</u>	<u>TOTAL FUNDS</u>
Land Acquisition	<u>\$1,500,000</u>	<u>\$2,145,000</u>
Residential Building Acquisition	<u>\$ N/A</u>	<u>\$N/A</u>
New Construction	<u>\$ N/A</u>	<u>\$N/A</u>
Rehabilitation	<u>\$ N/A</u>	<u>\$N/A</u>
On-Site Improvement	<u>\$ N/A</u>	<u>\$ 450,000</u>
Off-Site Infrastructure	<u>\$ N/A</u>	<u>\$N/A</u>
Planning, Design	<u>\$ N/A</u>	<u>\$N/A</u>
Other	<u>\$ N/A</u>	<u>\$N/A</u>
<b>TOTAL</b>	<b><u>\$1,500,000</u></b>	<b><u>\$2,595,000</u></b>

**H. What type of project are you planning? (Check all that apply)**

- Apartment building
- Garden Style                       Mid-rise                       High-rise
- Cluster                       Single-family dwelling units
- Townhouse                       Duplex, triplex, fourplex
- New Construction                       Rehabilitation                       Acquisition

**I. Size, number and rent of units:**

<u>Affordable Housing Fund Program Units</u>	<u>Size</u>	<u>Number</u>	<u>Rent/Sales Price</u>
0 bedroom units	_____ s.f.	# _____	\$ _____
1 bedroom units	_____ s.f.	# _____	\$ _____
2 bedroom units	_____ s.f.	# _____	\$ _____
3 bedroom units	<u>996-1326</u> s.f.	<u># 6</u>	<u>\$ 310K to 326K</u>
4 bedroom units	_____ 1430 s.f.	# 3	\$ 455K
5 bedroom units	_____ s.f.	# _____	\$ _____

Total number of units in project:   9

**J. Number of affordable units and rents/sales price (as a percentage of median income)**  
**NOTE: Please reference page 4-5 "Outline of Income Categories" for further detail.**

Please indicate if it is rents or sales price.

	<u>50 percent below</u>	<u>80 percent below</u>	<u>100 percent below</u>	<u>120 percent below</u>
0 bedroom units	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____
1 bedroom units	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____
2 bedroom units	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____
3 bedroom units	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____
4 bedroom units	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____
5 bedroom units	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____

**K. Project Unit Mix N/A**

Fill in the appropriate number in the table below.

No of Buildings	Studios	1 BR	2 BR	3 BR	4 BR	Total units
Gross Building Area in square feet	SF / unit	Gross Residential Area				
Common Area (in square feet)						
Commercial Space (in square feet)						
<b>Total Area</b>						

*If you need more space, attach a separate sheet with the information requested above.*

**L. Project Amenities N/A; The lots acquired are within existing neighborhoods.**

The Project will include the following amenities:

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Playground/Tot lot     | <input type="checkbox"/> Picnic Area                              | <input type="checkbox"/> Swimming Pool  |
| <input type="checkbox"/> Community Meeting Room | <input type="checkbox"/> Elevator                                 | <input type="checkbox"/> Transportation |
| <input type="checkbox"/> Laundry Room           | <input type="checkbox"/> Computer with high-speed internet access |   |
| <input type="checkbox"/> Other (describe) _____ |   |   |

L. Unit Amenities

What equipment/furnishings will be available in each unit?

- Range             Refrigerator     Air Conditioning    Disposal
- Dishwasher     Washer             Dryer                 Carpet
- Drapes             Furniture         Heating             Cable TV
- High speed internet access             Other (describe) vinyl flooring; 2" plantation blinds; solar water heating; forced air system w/ducting and blower for A/C ready install; A/C not included additional cost.

N. Project includes other facilities (if applicable): **N/A**

- Community Center Facility  
 Child Care Facility  
 Other (Describe):

O. Will project have innovative techniques in design, construction, or operation?

Yes     No (If "Yes", briefly describe)

➤ FABMAC HOMES are LEED certified; with design and fabrication at an Energy Star® Certified HUD Building Center. Energy Star® Pak includes dual pane thermal windows and additional insulation to meet R-79 (total of ceiling, walls, floors), saving money on utilities. Building specifications exceeds State and County codes.

P. Provide schematic plans and/or preliminary plans, if available. **See Appendix 4**

Q. Period of Affordability?  25 years     In perpetuity     Other  
➤ **Not less than 25 years; ideally seeking in perpetuity.**

R. Who will own the project?

1. Prior to completion: **FABMAC HOMES Inc**
2. After construction: **Qualified Homebuyer**
3. After occupancy: **Qualified Homebuyer**

**S. Parking – Parking will be provided per Maui County ordinance for single family dwellings, within the established subdivision.**

How many parking spaces will be provided at the project site? Please complete the table below. **N/A**

	Number of spaces	Ratio of Spaces/Units
Tenant		
Guest		
Handicap Accessible		
Commercial		
Total		

Will a fee be charged to tenants for parking in addition to rent? **N/A**  Yes  No

**T. Energy Efficiency and Green Building Practices (Applicable to FABMAC prefab homes)**

- Project will utilize solar water heating.
- Project will install Energy Star certified appliances throughout the project.
- Project will install low flow plumbing fixtures which conserve water.
- [ N/A ]** Project will install energy efficient light fixtures in common areas.
- [option]** Project will install air conditioning in each unit. (additional charge; upon request by homebuyer)
- Project will install ceiling fans in each unit.
- [ N/A ]** Project will install a light colored cool roof in each building.
- Project will incorporate water-efficient landscaping.
- Project will use painted rated low or no Volatile Organic Compounds (VOC).
- Project will vent range hood to the outside.

**U. Accessible units – FABMAC will provide accessible units upon request by the homebuyer; for an additional cost.**

Number of Accessible units	
Number of Adaptable units	

V. Availability

Will all of the residential units be available to the general public?     Yes     No

If you answered no, please qualify which populations the units will be made available to.

4. **SITE INFORMATION** – **N/A; To be determined at time of acquisition of 9 existing, entitled, single family lots.**

A. Current legal owner of property: N/A

B. Street Address (if applicable): N/A

C. Provide the following documents, if applicable: **N/A**

1. Preliminary title report
2. Location map
3. Project site map
4. Flood insurance rate map
5. Professional Housing Report (Residential Building Acquisition)

D. Year Residential Building constructed (Residential Building Acquisition) **N/A; FABMAC is providing new constructed prefabricated homes for sale to qualified homebuyers.**

E. Total site land area: **N/A; To be determined at time of lot acquisition**  
sq.ft. \_\_\_\_\_ acres

F. Describe the physical characteristics of site (shape, terrain, foliage, structures, etc.) **N/A**

G. If applicable, indicate if any of the following conditions apply to the infrastructure servicing the project site by checking the appropriate category: **It is FABMAC's intent to acquire existing, entitled, single family lots that meet the following standards listed in 1-9.**

	Yes	No	N/A
1. Road access to site adequate	___	___	___
2. Sewer capacity adequate	___	___	___
3. Electrical service adequate	___	___	___
4. Water service adequate	___	___	___

- 5. Aquifer serving area adequate
- 6. Storm drainage adequate
- 7. Trash/garbage service adequate
  
- 8. Fire service adequate
- 9. Police service adequate
  
- Distance to fire station  miles
- Distance to police station  miles

If any answer to the above questions is "No", on a separate attachment describe the deficiency, include the distance needed to bring the infrastructure to the project site and time to complete. Describe any actions being taken, or which must be taken to resolve any potential problems associated with any infrastructure deficiencies.

- H. Schools. For new construction projects having more than 50 non-elderly housing units, provide letters from the Department of Education that note (a) the capacity of the school(s) servicing the area of the project, (b) current enrollment, and (c) whether the schools can accommodate the additional students generated by the project. **N/A**
  
- I. Specify any off-site public improvements required for the project: **N/A; FABMAC will acquire lots that already exist, within established neighborhoods (infill); therefore, no offsite improvements will be required.**
  
- J. Specify any special assessments or impact fees that are or may be required for the project: **N/A**
  
- K. Land use requirements: Does the project already have the following applicable land use requirements necessary to carry out project proposed? Indicate by checking "Yes" or "No" for each item: **N/A; FABMAC will acquire lots that exist as infill and have in place, all State and County entitlements, and are zoned for single family dwellings.**

	Yes	No		Yes	No
State Land Use	<input type="checkbox"/>	<input type="checkbox"/>	General Plan	<input type="checkbox"/>	<input type="checkbox"/>
Subdivision Ordinance	<input type="checkbox"/>	<input type="checkbox"/>	Zoning Ordinance	<input type="checkbox"/>	<input type="checkbox"/>

If any answer to any question is "No", identify on a separate attachment any actions taken toward obtaining the necessary changes. Estimate the time required for effecting these changes.

- Does the project require a 201 H Variance?  Yes  No
  
- If yes, has it been approved?
  
- If no, when will it be approved?

**L. Site Control: N/A; To be determined at the time of acquisition of 9 individual existing, entitled, single family lots within established neighborhoods on Maui Island.**

1. Date of option agreement, purchase agreement, lease agreement, development agreement, land sales contract, or other enforceable agreement:

Entered into \_\_\_/\_\_\_/\_\_\_ Terminates \_\_\_/\_\_\_/\_\_\_

2. Provide copy of site control (ie. Option, purchase, lease, etc.) agreement.

3. If entity does not have site control, does entity have a valid commitment of site control? Yes No  
\_\_\_ \_\_\_

4. If entity does not have site control or valid commitment of site control, when will site control be obtained?

5. Include appraisal, if available, or other information regarding property value.

**M. Environmental Considerations: Indicate which of the following environmental concerns are applicable to your project by checking "Yes" or "No":**

	Yes	No	NA
1. Project will affect a property designated as a historic site on the State or National Registers of Historic Places.	___	___	<u>X</u>
2. Project site is located in 100-year flood zone.	___	___	<u>X</u>
3. Project site is located in a wetland.	___	___	<u>X</u>
4. Project will require a Shoreline Management Permit.	___	___	<u>X</u>
5. Project will affect endangered species or their habitats.	___	___	<u>X</u>
6. Project has manmade hazards or nuisances.	___	___	<u>X</u>

If any answer to the above questions is "Yes":

Have any of the permits or clearances related to the aforementioned environmental concerns been obtained? \_\_\_ \_\_\_

If "No", identify on a separate attachment any actions taken toward obtaining an environmental clearance and the anticipated time to complete such actions.

Does the proposed project require an Environmental Assessment in accordance to Chapter 343, Hawaii Revised Statute? **N/A** \_\_\_ \_\_\_

If not required, provide explanation: **FABMAC is acquiring existing, entitled, individual single family lots, within established neighborhoods. This project is not considered to be a development.**



**5. PROJECT SCHEDULE**

Indicate the approximate dates for the following:

<b>Milestones: Acquisition of 6 existing, entitled, single family lots.</b>	<b>Date</b>
Approval of Zoning Change, Community Plan Amendment, District Boundary Amendment or 201 (H) Variances	N/A; lots are existing, and will already have in place all entitlements needed for building of a single family dwelling.
Closing of lot 1	30 days after acceptance of offer
Closing of lot 2	30 days after acceptance of offer
Closing of lot 3	30 days after acceptance of offer
Closing of lot 4	30 days after acceptance of offer
Closing of lot 5	30 days after acceptance of offer
Closing of lot 6	30 days after acceptance of offer
Closing of lot 7	30 days after acceptance of offer
Closing of lot 8	30 days after acceptance of offer
Closing of lot 9	30 days after acceptance of offer

**NOTE: See Milestone Table for the Construction of the units on the following page.**

<b>Milestones: Construction of FABMAC Homes</b>	<b>Date</b>	
Approval of Zoning Change, Community Plan Amendment, District Boundary Amendment or 201 (H) Variances	N/A; lots are existing and will have all entitlements in place for building single family dwellings.	
Projected Building Permit Date:	Within 90 days from closing on a lot a building permit will be submitted; within 24 hrs after submittal, permit is approved under the Plan Review Waiver process.	
Closing of Construction Financing:	N/A; FABMAC will carry the cost of the house and lot until the close of escrow and the homebuyer takes legal possession. FABMAC is paid from the closing proceeds of the take out loan.	
Construction Start Date:	Within 120 days from approval of building permit, construction to begin.	
Construction Completion Date:	Approximately, 45 days needed for on-site set up of house sections (prefabricated construction).	
Projected Occupancy Permit Date:	Occupancy occurs shortly after the 30 day period once MECO sets the electrical meter (note standard to expect delays from MECO).	
Lender Initiates take out loan:	30-45 days after homebuyer has been approved.	
Placed in service date:	FABMAC paid from proceeds of take out loan: Homebuyer takes immediate possession of home.	
Achievement of initial occupancy for 100% of the units	Completion of project acquisition of 9 lots prior to the close of 36 month period as specified in grant terms.	

**6. SOURCES OF FUNDS**

A. Identify all potential sources of financing for the proposed project/program in this section and Attachment "A" - Uses and Sources Budget.

	<u>Funds Committed</u>	<u>Funds Tentative</u>	<u>Total Funds</u>
1. Grants			
Affordable Housing Fund	\$ _____	<u>\$1,500,000</u>	<u>\$1,500,000</u>
HOME	\$ _____	\$ _____	\$ _____
CDBG	\$ _____	\$ _____	\$ _____
EDI-SP	\$ _____	\$ _____	\$ _____
Value of equity in property contributed	\$ _____	\$ _____	\$ _____
Cash contribution from private source, other than applicant	\$ _____	\$ _____	\$ _____
Permit or Fee Waiver(s)	\$ _____	\$ _____	\$ _____
Other: _____	\$ _____	\$ _____	\$ _____
Other: _____	\$ _____	\$ _____	\$ _____
2. Loans			
Affordable Housing Fund	\$ _____	\$ _____	\$ _____
Local Government Loans	\$ _____	\$ _____	\$ _____
State Loans	\$ _____	\$ _____	\$ _____
HOME Loans	\$ _____	\$ _____	\$ _____
Other Federal Loans	\$ _____	\$ _____	\$ _____
Private Loans	\$ _____	\$ _____	\$ _____
Other Financing	\$ _____	\$ _____	\$ _____
3. Applicant cash contribution (other than land)	<u>\$ 645,000</u>	\$ _____	<u>\$ 645,000**</u>
4. Private Foundations			
(Specify: _____)	\$ _____	\$ _____	\$ _____
(Specify: _____)	\$ _____	\$ _____	\$ _____
5. Other (Specify: _____)	\$ _____	\$ _____	\$ _____
Other (Specify: _____)	\$ _____	\$ _____	\$ _____
Other (Specify: _____)	\$ _____	\$ _____	\$ _____
Other (Specify: _____)	\$ _____	\$ _____	\$ _____
Other (Specify: _____)	\$ _____	\$ _____	\$ _____
Total Project Funds	<u>\$ 645,000</u>	<u>\$1,500,000</u>	<u>\$2,145,000</u>

**\*\*FABMAC is providing the balance of the cost of the lots (after subsidy is applied) and upfront cost of the house; FABMAC will be reimbursed from the proceeds at the time of closing of the take out loan.**

B. Explain how all of the Affordable Housing Fund Program funds allocated for this project/program will be expended within 36 months of commitment of Affordable Housing Funds Program funds?

➤ The Affordable Housing Fund Program will be utilized to purchase 9 individual entitled, single family lots (infill) located within existing neighborhoods on Maui. The disbursement of the requested \$1,500,000 will be distributed between 9 lots as a subsidy to buy down the cost. As opportunities for acquisition becomes available, FABMAC will request the subsidy funds to be applied at time of closing of the lot. FABMAC will provide additional funds for the balance of the cost of the lot if needed, to be reimbursed at the time of closing from the proceeds of the homebuyers take out loan.

C. Describe fund sources unsuccessfully attempted: **NONE**

D. Provide Attachment "A" - Uses and Sources Budget. Use the format provided (or another comparable format prepared by your organization for your proposed project). Provide name of individual or company who prepared budget. **Attachment "A" prepared by Francesca Carey, President of Fabmac Homes Inc.**

Provide Attachment "B" - Operating Pro Forma budget (rental projects only). Use the format provided (or another comparable format prepared by your organization for your proposed project). Provide name of individual or company who prepared budget. **N/A**

## 7. NARRATIVES

### A. ANTICIPATED RESULTS

Describe the results you expect to achieve. Explain how the proposed activities are directly related to the priority housing need described and what anticipated direct and indirect results of the project will be. Include information on the length of commitment to the original target population, the continued affordability of the assisted housing in terms of monthly rent, and other program results that help illustrate the overall benefit of the project.

➤ FABMAC HOMES expects to acquire 9 lots (existing, entitled, single family lots) the cost to be subsidized with grant funds. FABMAC to construct 1 home on each of the acquired lots; with the goal to provide affordable housing opportunities for 9 households, qualified for the slated income categories as outline in 2017 Maui Affordable Housing Sales Guidelines.

➤ The proposed activities described within this project relates to the overall need to increase affordable housing opportunities outlined in County Planning documents and Action Plans. This project meets the Counties goals of increased homeownership and brings an innovate approach to affordable housing by utilizing grant funds to provide subsidy to the highest cost of affordable housing, land acquisition (9 existing, entitled, single family lots). It advocates for the use of infill, where the cost of infrastructure is not applicable as these lots already exist in established neighborhood communities. These lots are in areas of the community where neighborhood and/or regional amenities are in close proximity.

- The direct results of this project is the opportunity to provide to our local working families affordable homes without compromising the quality of life. The indirect result is that when the basic need of housing is met it does provide a positive impact on the community. In addition, the grant funding received will not be lost upon the first resale of the home. Through a deed restriction the grant funding is retained for at least 25 years, giving many more families the same opportunity for affordable housing here on Maui.

## B. LEVERAGING

Provide a description of all efforts to leverage or match funding from non-County sources for the subject project. Also, describe all non-County sources that will assist with project or program implementation and management (discuss sources in the order listed in Section III(A) of application). Identify whether commitments are firm or tentative and under what circumstances tentative commitments will become actualized. **Please attach commitment/reservation letters of other project/program funding sources that are in place.** Briefly describe the general terms and conditions of other resources and give their expiration date(s). For non-cash contributions, detail how dollar amounts were calculated.

- There are no other efforts to match or leverage funding from other sources.
- Non-County sources:
  - Applicant will provide up front funding for the balance of the cost of the lot if needed (after grant funding is applied) and cost of the home while under construction. This is a firm commitment.
  - Qualified homebuyer will provide financing after the completion of the home; FABMAC is reimbursed from the homebuyers take out loan at time of closing. This is a firm commitment upon final approval by homebuyer's lender.
- No other project/program funding sources in place; therefore general terms and conditions are not applicable.

## C. PROGRAM DESIGN

Describe the proposed project activities. Describe how the housing units and/or services proposed will be developed and marketed to eligible participants and what kind of screening procedure, if any, will be used. Outline the relationship of this proposal to established local housing and community development plans and strategies. For special needs housing projects, describe in detail the services that will be provided or coordinated for the property's residents. Describe any known opposition to this proposal. Give enough detail to clearly illustrate all activities associated with the proposed project or program.

### ➤ **Proposed Project Activities:**

**SELECTION OF LOTS:** Selection of lots for FABMAC homes, will include the following criteria:

- Infill lots already established in existing neighborhoods (all entitlements in place).
- Zoning already in place for single family dwelling.
- Access to utilities in place (i.e. electric, sewer or septic, water meter approved or in place).
- Grant subsidy applied at time of closing of each lot; balance of the lot cost to be paid upfront by FABMAC; at closing of homebuyer's take out loan FABMAC will be reimbursed.

### ➤ **PRODUCT DEVELOPMENT Prefabricated Homes:** FABMAC HOMES, INC. is a dealer for a large manufactured home factory in California. FABMAC is a locally owned Hawaii corporation, and is not a franchise. Manufactured homes are built to the Federal Building Code, which supersedes both State and County codes. These homes are built with termite treated wood, are Energy Star and LEED rated, and are not subject to course-of-construction inspections. Once the house sections are on site the home can be completed in 4-6 weeks.

Our homes come complete with kitchen appliances (refrigerator, range (gas or electric glass top), built-in microwave, dishwasher and disposal. Plantation blinds, cornice boxes above the windows, central heating system with ducting (A/C ready), solar hot water system, plumbing, electrical, cabinets and fixtures are all in place. Front yard landscaping is included. These homes are "turn-key", meaning that when we are finished, the buyer can move in immediately.

The foundation system we use is a patented, warranted, and approved system that has been in use on the Mainland for more than 30 years. The foundation system meets the new Fannie Mae guidelines for permanent foundations in these homes. It is rated for hurricane (150 mph gusts), and earthquakes.

FABMAC homes have a 10 year warranty, and we handle all service calls during the warranty period. We are very proud of these homes, and we stand by the warranty and our own building techniques.

### ➤ **PRODUCT CONSTRUCTION On-site:** Our VP of Construction, Charles Morgan, has been in the manufactured home business since 1993 and he will oversee the construction of each FABMAC home. His responsibilities include scheduling, hiring and training of our crews, site visits and preparation, permit applications, septic system installations, final inspection and walk-through. We follow the federal guidelines for assembly of these homes, and at all times we adhere to strict safety regulations.

- **MARKETING OF PRODUCT - FABMAC Home/Lot Package:** Office manager, Francine Fernandez will assist President, Francesca Carey in implementation of homebuyer selection and qualification program to include the following:
  - **Generating a homebuyer list:** Begin with list to date and adding any new homebuyers who are interested. Implement print media advertising to announce availability of affordable homes in desire to reach out to all residents interested in homeownership.
  - **Selection of homebuyer:** First on list will be selected for income qualification process (using income requirements as outlined by County of Maui Housing Division).
  - **Survey of qualified homebuyer:** To determine qualified homebuyer's preference of location, and home package model.
  - **Assist homebuyer in lender application:** Francine Fernandez's expertise in the area of lending, title, and banking is an asset to not only to FABMAC, but also to the homebuyer.
  - **Annual Survey – FABMAC** will solicit homeowners annually to ensure home is owner occupied.
  - FABMAC HOMES Inc will comply with The Fair Housing Act and HRS Chp 515 in selection of homebuyers and all for sale real estate transactions.
  
- **Relationship of this Project to established local housing and community development plans and strategies:** As stated in Project Summary (section F pg 8) this project is consistent with Maui County General Plan in implementing collaboration between public and private sectors to meet the need for affordable housing ownership for Maui's residents. It is consistent with Annual Action Plan of the Consolidated Plan for Program Year 2016, which identifies housing as a priority to the County of Maui; although the emphasis is on rental units for rehab and the housing for the elderly in 2016-17, there is still a need for homeownership for local families and FABMAC's project provides that opportunity. The innovative concept of prefabricated manufacture homes built on existing single lots (infill), to include subsidy for the acquisition of the lots, can lower the cost of housing ownership "without comprising the quality of life" (Maui General Plan 2030). Infill lots are already delineated in the urban growth boundaries as referenced in the Maui General Plan and Maui Island Plan. FABMAC's project offers affordable housing to those who desire homeownership.

**8. APPLICANT EXPERIENCE**

- A.** Provide name, address, contact person and phone number of the organization who will develop, manage, coordinate and implement the proposed project:

Name **Fabmac Homes Inc**

Address **33 Lono Ave Ste 310 Kahului, Maui HI 96732**

---

Contact Person **Francesca Carey - President**

Phone Number **(808) 244-0888**

- B.** Describe your capacity to carry out the proposed project. Submit relevant documents (i.e. applicable licenses to operate project, permits, etc.)

- FABMAC has 11 years of experience working with local subcontractors to complete our homes. We have built 29 homes on Maui since 2009. We have our own trained crews in the field, and we have long term relationships with an outstanding group of subcontractors who help with septic installation, grading, grubbing, decks, carports and garages. Upon approval of this Grant, we will put together a lot/house package every 4 months. This is well within our capacity as we have previously been in construction on 2 to 3 homes at the same time.
  - Our office staff handles much of the paperwork for the permit applications, and our Office Manager, Francine Fernandez has worked in the fields of lending, title, and banking for many years. She will help design and implement a program to qualify our buyers for the Affordable Housing loans. (See Appendix 6-Bio).
  - This Grant will help us continue to meet our goal to build out and sell lot/house packages. We have already built out and sold two lot/house packages, where FABMAC bought the lot, and designed and built the house. The third package is in process, and has already been sold to a local family. These packages included the permit application, engineering drawings, sewer or septic system design and build, site preparation, grubbing, grading, driveway design and apron (if required), optional carport or garage design and build, deck design and build out. House prices included trucking, shipping, delivery to the lot, assembly of the house, permanent foundation, all interior finish work, and two sets of stairs.
  - Our close relationship with Pasha Hawaii shipping ensures that our homes are brought to Hawaii from the Mainland with a minimum of damage. Our homes are secured with no exposure to the weather inside the Pasha ship and arrive in seven days from the Port of San Diego.
  - We also have a good understanding of the relationship of local lenders to appraisers, underwriters, and escrow companies, and we are able to close loan packages in a timely manner. Both American Home Loans, and Bank of Hawaii are funding FABMAC manufactured homes at this time.
- C. Describe the qualifications and experience of your organization and individual(s) who will manage the development of the project and manage the rental housing project. Submit detailed description of experience and ability to implement project. **See also Applicant Experience: B-Capacity & Appendix 6-Bio**
- Our VP of Construction, Charles Morgan, has been in the manufactured home business since 1993. He joined FABMAC HOMES in 2010. His responsibilities include scheduling, hiring and training of our crews, site visits and preparation, permit applications, septic system installations, final inspection and walk-through. We follow the federal guidelines for assembly of these homes, and at all times we adhere to strict safety regulations.
  - Francesca Carey, our President/CEO, has a California Contractors license, and was building in San Diego, Santa Clara and Monterey Counties before she moved to Maui. Since 1994, she has been working as an independent dealer for manufactured home factories in Oregon, Arizona and California. On moving to Maui, she could see the importance of finding ways to make Hawaii homes more affordable, and over several years she put together the permitting, shipping and assembly systems that FABMAC is using today.
  - Thomas Douma, our CFO and RME, has been a builder and project manager in the residential and commercial construction industry since 1973. His wide breadth of knowledge of

construction practices and his MBA in business have contributed to the success of FABMAC.

- Francine Fernandez, Office Manager, is a client focused professional with 24 years of customer service. Her background and years of experience as a loan officer and in financing is an asset to FABMAC and to the clients FABMAC services. Her strong leadership and relationship building skills are evident in her interaction with others, and also contributes to the success of FABMAC.

D. Submit resumes of key personnel involved in the development, implementation and/or management of the rental housing project. **See Appendix 6-Bio**

E. Describe past experience relevant to the proposed housing project. **N/A**

1. Complete the following information for all government (federal, state or county) funded project(s). Attach additional pages for each project, if needed:

- a. Name of Project \_\_\_\_\_
- b. Project Address \_\_\_\_\_
- c. Date project started \_\_\_\_\_ Date completed \_\_\_\_\_
- d. Total grant/loan amount \_\_\_\_\_ Source \_\_\_\_\_
- e. Provide a brief description of project:

2 Describe any problems encountered in carrying out project: **N/A**

3. Describe any amendments to the original proposal subsequent to receipt of government (federal, state or county) funding: **N/A**

4. Any differences between the anticipated and actual accomplishments of the project (if, for example, a different number of housing units were built, etc.) **N/A**

5. If the project is not yet complete, indicate why: **N/A**

F. Legal Status of Applicant (check, as applicable):

- A. Corporation: Non-profit \_\_\_ or For-profit **X**
- Partnership: General \_\_\_ or Limited \_\_\_

Joint Venture (explain)

Note: If the proposal is submitted by a partnership or joint venture, composed of two or more individual firms, then each member firm must submit all information listed on this form, and in addition answer the following: **N/A**

(a) Members of Joint Venture

- (b) Date of Joint Venture Agreement
- (c) State of Registration
- (d) Does the agreement between members comprising joint venture make them jointly and severally liable? If not, state terms of agreement in this regard.
- (e) Certified copy of Partnership Agreement

B. The Offeror, if a corporation, was organized on February 15, 2006 under the laws of the State of Hawaii. (Attach Certified copy of Articles of Incorporation and Bylaws, or Certified copy of Partnership Agreement. Non-profit corporations are to attach a copy of the IRS tax-exempt determination). **See Appendix 1**

C. Have you ever failed to complete any work awarded to you? No. If yes, when, where and why?

D. Has any officer or partner of your organization in the past five (5) years been involved with of some other organization that defaulted on a federally funded contract? No. If yes, state name of individual, name of owner and reason therefore?

E. Has any officer or partner of your organization in the past five (5) years been involved with some other organization declared ineligible to participate in any governmental assisted contract? ( ) Yes ( X ) No

If "Yes", please explain:

F. Has any officer or partner of your organization ever filed a petition of voluntary bankruptcy? ( ) Yes ( X ) No

L. Has there ever been filed a petition or involuntary bankruptcy against your organization, or any officer or partner of the organization? ( ) Yes ( X ) No

M. Has the organization, or any officer or partner ever made an assignment of assets for the benefit of creditors? ( ) Yes ( X ) No

N. Are there any unsatisfied judgments outstanding against the organization, or any director or partner of the organization? ( ) Yes ( X ) No

O. Has the organization been a party to any litigation within the last 5 years?  
( ) Yes ( X ) No

If "yes" was answered to any question 6 through 10, give a full explanation:

**CERTIFICATION OF AUTHORIZED OFFICIAL**

To the best of my knowledge and belief, data, attachments and exhibits in this application are true and correct. The documents have been duly authorized by the governing body of the entity and the entity will comply with all of the federal, state and county rules and regulations if Affordable Housing Fund Program funds are awarded.

 SIGNATURE	<u>President</u> TITLE
Francesca Carey PRINTED NAME	9/10/2017 DATE

**CERTIFICATION OF AUTHORIZED OFFICIAL**

To the best of my knowledge and belief, data, attachments and exhibits in this application are true and correct. The documents have been duly authorized by the governing body of the entity and the entity will comply with all of the federal, state and county rules and regulations if Affordable Housing Fund Program funds are awarded.

_____	_____
SIGNATURE	TITLE
_____	_____
PRINTED NAME	DATE

## ATTACHMENT "A" - USES AND SOURCES BUDGET

<u>USE OF FUNDS</u>	<u>ACTUAL COST</u>	<u>AFFORDABLE HOUSING FUND SOURCE</u>	<u>OTHER SOURCE</u>	<u>NAME OF OTHER SOURCE</u>
1. ACQUISITION				
1.1 LAND	<u>2,145,000</u>	<u>1,500,000</u>	<u>645,000</u>	*FABMAC HOMES & Qualified Homebuyer
1.2 EXISTING STRUCTURES	_____	_____	_____	
1.3 OTHER	_____	_____	_____	
2. PREDEVELOPMENT				
2.1 ARCHITECT FEE DESIGN	_____	_____	_____	
2.2 ARCHITECT FEE SUPERVISE	_____	_____	_____	
2.3 ENGINEERING FEES	_____	_____	_____	
2.4 COST ESTIMATES	_____	_____	_____	
2.5 OTHER	_____	_____	_____	
3. SITE WORK				
3.1 DEMOLITION	_____	_____	_____	
3.2 SITE CLEARANCE	_____	_____	_____	
4. CONSTRUCTION/REHAB.				
4.1 OFF-SITE INFRASTRUCTURE	_____	_____	_____	
4.2 ON-SITE IMPROVEMENT	<u>450,000</u>	_____	<u>450,000</u>	*FABMAC HOMES & Qualified Homebuyer
4.3 NEW BUILDING	<u>2,178,000</u>	_____	<u>2,178,000</u>	*FABMAC HOMES & Qualified Homebuyer
4.4 REHABILITATION	_____	_____	_____	
5. DEVELOPER'S FEES	_____	_____	_____	
6. OTHER RELATED COSTS				
6.1 BLDG. PERMITS & FEES	_____	_____	_____	
6.2 APPRAISAL	_____	_____	_____	
6.3 GEOTECHNICAL	_____	_____	_____	
6.4 ENV. CONSULTANT	_____	_____	_____	
6.5 RECORDATION FEES	_____	_____	_____	
6.6 ATTORNEYS FEES	_____	_____	_____	
6.7 IMPACT FEES	_____	_____	_____	
6.8 PROJECT AUDIT	_____	_____	_____	
6.9 OTHER	_____	_____	_____	
7. INTERIM COSTS				
7.1 CONST. INSURANCE	_____	_____	_____	
7.2 CONST. INTEREST	_____	_____	_____	
7.3 CONST. LOAN ORIG. FEE	_____	_____	_____	
8. PERMANENT FINANCING FEES				
8.1 CREDIT REPORT	_____	_____	_____	
8.2 PERM. LOAN ORIG. FEE	_____	_____	_____	

8.3 TITLE & RECORDING	_____	_____	_____
9. TENANT RELOCATION	_____	_____	_____
10. PROJECT RESERVES	_____	_____	_____
10.1 LEASE-UP RESERVE	_____	_____	_____
10.2 OPERATING RESERVE	_____	_____	_____
11. PROJECT ADMIN/MGMT.	_____	_____	_____
11.1 AFFIRMATIVE MKT.	_____	_____	_____
11.2 MANAGEMENT	_____	_____	_____
11.3 TAXES	_____	_____	_____
11.4 INSURANCE	_____	_____	_____
12. TOTAL USES (DEVELOPMENT)	<b><u>\$4,773,000</u></b>		
13. TOTAL SOURCES	<b><u>\$3,273,000</u></b>	<b><u>\$1,500,000 (grant funds)</u></b>	
14. DIFFERENCE		<b><u>\$1,500,000 (grant funds)</u></b>	

**\*\* NOTE: FABMAC will be reimbursed for the upfront costs (bal of lot cost & house) at the time of closing from proceeds from the homebuyer's take out loan.**

# ATTACHMENT "B" – PRO FORMA OPERATING BUDGET (RENTAL HOUSING)

**OPERATING INCOME**

- 1. Gross rent potential
- 2. Vacancy allowance (\_\_\_\_% of Line 1)
- 3. Effective gross rent (Line 1 minus Line 2)
- 4. Other Income
- 5. Reserve for bad debt
- 6. Effective Gross Income (Line 3 + Line 4) – Line 5

**Annual Amount**

\$ \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**OPERATING EXPENSES**

- 7. Management fees
- 8. Management staff costs
- 9. Legal fees
- 10. Accounting (audit fees)
- 11. Telephone
- 12. Office supplies
- 13. Other administrative expenses

**Annual Amount**

\$ \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Subtotal

\$ \_\_\_\_\_

**MAINTENANCE**

- 14. Maintenance staff costs
- 15. Painting
- 16. Landscaping contract
- 17. Pest control contract
- 18. Trash removal contract
- 19. Maintenance supplies
- 20. Other

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Subtotal

\$ \_\_\_\_\_

**Utilities**

- 21. Electricity
- 22. Water and Sewer
- 23. Gas
- 24. Other

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Subtotal

\$ \_\_\_\_\_

**INSURANCE/TAXES/RESERVES**

- 25. Property Insurance
- 26. Liability Insurance
- 27. Real Estate Taxes
- 28. Operating Deficit Reserve
- 29. Reserve For Replacement

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Subtotal

\$ \_\_\_\_\_

30. Total Operating Expenses (Line 7 through 29)

\$ \_\_\_\_\_

**INCOME AVAILABLE FOR DEBT SERVICE**

Effective Gross Income (Line 6)  
 Minus Total Operating Expenses (Line 30)

\_\_\_\_\_  
 \_\_\_\_\_

31. Net Operating Income

\$ \_\_\_\_\_

32. Debt Service Coverage Ratio Required by Lender

\_\_\_\_\_

**ATTACHMENT "B" – INCOME AND EXPENSE ANALYSIS**

Entity Name \_\_\_\_\_  
Project Name \_\_\_\_\_

	Year 1	Year 2	Year 3	Year 4	Year 5
1. Potential Rental Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2. Miscellaneous Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
3. Gross Potential Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
4. Vacancy Factor (5%)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
5. Effective Gross Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6. Operating Expense	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
7. Debt Service	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
8. Net Operating Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
9. Subsidy	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
10. Other Subsidy	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
11. Net Cash Flow	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Notes to the Income and Expense Analysis should follow this page and should be referenced by item line.

## ATTACHMENT "B" – INCOME AND EXPENSE ANALYSIS

Entity Name \_\_\_\_\_  
Project Name \_\_\_\_\_

	Year 6	Year 7	Year 8	Year 9	Year 10
1. Potential Rental Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2. Miscellaneous Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
3. Gross Potential Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
4. Vacancy Factor (5%)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
5. Effective Gross Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6. Operating Expense	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
7. Debt Service	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
8. Net Operating Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
9. Subsidy	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
10. Other Subsidy	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
11. Net Cash Flow	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Notes to the Income and Expense Analysis should follow this page and should be referenced by item line

**ATTACHMENT "B" – INCOME AND EXPENSE ANALYSIS**

Entity Name \_\_\_\_\_  
Project Name \_\_\_\_\_

	Year 11	Year 12	Year 13	Year 14
1. Potential Rental Income	\$ _____	\$ _____	\$ _____	\$ _____
2. Miscellaneous Income	\$ _____	\$ _____	\$ _____	\$ _____
3. Gross Potential Income	\$ _____	\$ _____	\$ _____	\$ _____
4. Vacancy Factor (5%)	\$ _____	\$ _____	\$ _____	\$ _____
5. Effective Gross Income	\$ _____	\$ _____	\$ _____	\$ _____
6. Operating Expense	\$ _____	\$ _____	\$ _____	\$ _____
7. Debt Service	\$ _____	\$ _____	\$ _____	\$ _____
8. Net Operating Income	\$ _____	\$ _____	\$ _____	\$ _____
9. Subsidy	\$ _____	\$ _____	\$ _____	\$ _____
10. Other Subsidy	\$ _____	\$ _____	\$ _____	\$ _____
11. Net Cash Flow	\$ _____	\$ _____	\$ _____	\$ _____

Notes to the Income and Expense Analysis should follow this page and should be referenced by item line

**ATTACHMENT "B" – INCOME AND EXPENSE ANALYSIS**

Entity Name \_\_\_\_\_  
Project Name \_\_\_\_\_

	Year 16	Year 17	Year18	Year 19
1. Potential Rental Income	\$ _____	\$ _____	\$ _____	\$ _____
2. Miscellaneous Income	\$ _____	\$ _____	\$ _____	\$ _____
3. Gross Potential Income	\$ _____	\$ _____	\$ _____	\$ _____
4. Vacancy Factor (5%)	\$ _____	\$ _____	\$ _____	\$ _____
5. Effective Gross Income	\$ _____	\$ _____	\$ _____	\$ _____
6. Operating Expense	\$ _____	\$ _____	\$ _____	\$ _____
7. Debt Service	\$ _____	\$ _____	\$ _____	\$ _____
8. Net Operating Income	\$ _____	\$ _____	\$ _____	\$ _____
9. Subsidy	\$ _____	\$ _____	\$ _____	\$ _____
10. Other Subsidy	\$ _____	\$ _____	\$ _____	\$ _____
11. Net Cash Flow	\$ _____	\$ _____	\$ _____	\$ _____

Notes to the Income and Expense Analysis should follow this page and should be referenced by item line

**ATTACHMENT "B" – INCOME AND EXPENSE ANALYSIS**

Entity Name \_\_\_\_\_  
Project Name \_\_\_\_\_

	Year 21	Year 22	Year 23	Year 24	Year 25
1. Potential Rental Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2. Miscellaneous Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
3. Gross Potential Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
4. Vacancy Factor (5%)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
5. Effective Gross Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6. Operating Expense	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
7. Debt Service	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
8. Net Operating Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
9. Subsidy	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
10. Other Subsidy	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
11. Net Cash Flow	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

## EXHIBIT "B"

### GENERAL TERMS AND CONDITIONS

In consideration of the grant of COUNTY funds, GRANTEE covenants and agrees to the following terms and conditions in the use and administration of COUNTY funds. In the event the following conditions conflict with any term, provision, condition and/or covenant contained in the body of the Agreement and any subsequent amendments, the terms, provisions, conditions and/or covenants contained in said body shall prevail.

- 1) **RECORD KEEPING.** Grantee shall keep records and prepare reports, including detailed, separate financial records relating to all grant funds received from the County. All accounts shall be prepared and maintained according to generally accepted accounting principles and as otherwise provided by law to ensure the effective administration of the grant. Grantee shall maintain such accounts and documents in a manner as to permit an expeditious determination to be made at any time of the status of funds within the award, including any disposition of all funds received from County and the nature and amount of all charges claimed to be against such funds. To facilitate the auditing process, Grantee's general ledger shall be organized to reflect the separation of County grant funds and expenses from other funds of the Grantee. Grantee shall maintain in its files, at all times, documentation certifying that the work described in any invoices, executed contracts or reimbursement requests submitted to the County are complete, correct, and in accordance with the terms of this Agreement.
  
- 2) **QUARTERLY REPORTS.** Within three (3) weeks after the end of each quarter of the fiscal year, each recipient of a grant or loan shall transmit to the agency a report containing the following information for the quarter and for the fiscal year to date:
  - a. Program status summary;
  - b. Program data summary;
  - c. Summary of participant characteristics;
  - d. Financial status report of the County funds used; and
  - e. Narrative report.
  
- 3) **FINAL REPORT.** Within 60 (sixty) days of the expiration of the Performance Schedule or completion of the project, whichever is sooner, Grantee shall submit to County a final project report, in a form satisfactory to the County agency administering this grant. This report shall document Grantee's efforts towards meeting the requirements of this agreement, and contain the following

- a. An inventory of all equipment costing \$250.00 or more acquired with funds provided under this agreement;
  - b. A list of expenditures incurred in the performance of this agreement;
  - c. A summary of program status in relation to goals, objectives and scheduled action steps outlined in the grant application;
  - d. Contact information and all other relevant information regarding people or businesses served;
  - e. Financial status of County funds used; and
  - f. If appropriate, a report regarding progress towards meeting performance standards and economic self-sufficiency.
- 4) **FINANCIAL AUDITS.** Grantee shall supply County with a copy of its annual financial statements that shall be prepared by a Certified Public Accountant. Grantee shall allow County to audit Grantee's records, report books and other financial records upon request of County to determine compliance with the terms of this agreement. Grantee shall cooperate fully and assist County in such an audit.
- 5) **NONPROFIT STATUS.** If Grantee is a nonprofit organization, Grantee shall establish and be governed by bylaws or policies which shall include provisions relating to nepotism and management of potential conflict of interest situations, as required by Section 3.36.040(c), Maui County Code.
- 6) **INSURANCE.** In order to protect itself as well as the County under this Agreement, Grantee shall obtain, pay for, and keep in force throughout the period of this Agreement comprehensive liability insurance issued by an insurance company (the "Carrier") authorized to do business in the State of Hawaii (an "Admitted Carrier"), or by a company not authorized to do business in the State of Hawaii (a "Non-Admitted Carrier") only through a general insurance agent or broker licensed in the State of Hawaii. The Carrier shall be rated no less than "A-" as established by "AM Best" or "Standard & Poor" ratings.

The insurance policy, as evidence by issuance of a "Policy Endorsement", shall name County, its officers, employees and agents as "Additional Named Insured", and shall include a duty to defend County, its officers, employees and agents against any loss, liability, claim, and demand for injury or damage, including but limited to, claims for property damage, personal injury, or wrongful death, arising out of, or in connection with Grantee's actions and/or performance of this Agreement.

Unless otherwise agreed to by County through the joint decision and discretion of the Director of the Department of Finance and the Director of

the Department of Parks and Recreation, the insurance policy shall contain the following minimum requirements:

- 1) No less than a Combined Single Limit ("CSL") of liability coverage of \$1,000,000;
- 2) No erosion of limit by payment of defense costs; and
- 3) Minimum annual aggregate limit of \$2,000,000.

Prior to or upon the execution of this Agreement, Grantee shall furnish the County with a copy of the insurance policy certificate together with the required endorsements verifying such insurance coverage. If the scheduled expiration date of a current insurance policy is sooner than the specified termination date of this Agreement, the Grantee shall, upon renewal of the insurance policy, provide the County with a copy of the renewed insurance policy certificate together with the required endorsements.

Unless waived by the County, the insurance policy shall expressly state that the coverage provided under such policy shall not be cancelled or terminated, unless the Carrier has first given the County thirty (30) calendar days prior written notice of the intended cancellation or termination.

- 7) **INDEMNIFICATION.** To the extent permitted by law, Grantee shall indemnify, defend, release, and hold harmless the County, its officers, agents, and employees from and against any and all manner of action and claim arising, either directly or indirectly, out of or resulting from the errors, omissions, or acts of Grantee, its officers, its employees, or its agents occurring during, or in connection with, the performance of the Grantee's services under this Agreement. The Grantee's obligations under this section shall survive and shall continue to be binding upon Grantee notwithstanding the expiration, termination or surrender of this Agreement.
- 8) **SUBCONTRACTS.** The Grantee shall not procure or subcontract any part of the services under this Agreement without the prior written consent of the County. All subcontracts entered into by the Grantee shall be in writing.
- 9) **FOCUS MAUI NUI.** (not applicable).
- 10) **EMPLOYEE COMPENSATION.** Grantee shall not compensate its employees more than the wages then prevailing in the State of Hawaii for employees with similar skills and abilities. Grantee shall not pay any commissions, bonuses or similar to its employees.

- 11) COUNTY RECOGNITION. Grantee shall give the County appropriate recognition in all grant-funded programs and printed materials. All such printed materials must be approved by the County prior to printing and/or use.
- 12) GRANTEE COMPLIANCE. Grantee shall strictly comply with its articles of incorporation and/or bylaws and all relevant County, State and Federal rules and regulations concerning Grantee's policies and operations.
- 13) NO DISCRIMINATION. Grantee shall not discriminate in the hiring of staff, compensation, terms or conditions of employment of individuals, use of volunteers, or delivery of client services on the basis of sex, sexual orientation, national origin, age, race, color, religion or disability. Grantee shall comply with all applicable Federal and State laws prohibiting discrimination.
- 15) MODIFICATION OF AGREEMENT. Any modification, alteration or change to this Agreement, including, but not limited to, modification of the services to be performed, modification of the scope of services to be performed, extension of time of performance, or changes to the approved budget, shall be made by written supplemental agreements executed by the County and Grantee.
- 16) SUSPENSION OR TERMINATION OF AGREEMENT. If, for any cause, the County finds that the Grantee has failed to satisfactorily fulfill in a timely or proper manner its obligations under this Agreement or if the Grantee breaches any of the promises, terms, or conditions of this Agreement and, having been given reasonable notice of an opportunity to cure any such default, fails to take satisfactory corrective action within the time specified by the County, the County shall have the right to suspend or terminate this Agreement by giving written notice to the Grantee of such suspension or termination. Further, the County may suspend or terminate this Agreement without cause by giving written notice to the Grantee thirty (30) calendar days before the effective date of such suspension or termination. Upon termination of this Agreement, all finished or unfinished documents, data, studies, and reports purchased or prepared by the Grantee pursuant to this Agreement shall be transferred to the County.
- 17) COSTS INCURRED DUE TO SUSPENSION OR TERMINATION. The County shall not reimburse the Grantee for any costs incurred by the Grantee during suspension or after termination of this Agreement unless the County authorizes such costs in the Notice of Suspension or Termination issued to the Grantee.

- 18) WITHHOLDING OF PAYMENTS. County may withhold any and all payments to Grantee if the costs set forth in a reimbursement request are, in the County's determination, unreasonable, or if Grantee fails to comply with the terms of this Agreement in any manner whatsoever.
- 19) PROSELYTIZATION PROHIBITED. Grant funds shall not be used to recruit or convert a person to a new faith, institution, or cause.
- 20) ENTERTAINMENT OR PERQUISITES PROHIBITED. Grantee shall not use any grant funds for purposes of entertainment or perquisites. For purposes of this Agreement, "perquisites" means a privilege provided or service rendered by Grantee to an employee, officer, director, or member of Grantee to reduce that individual's personal expenses.
- 21) LOBBYING PROHIBITED. Grantee shall not use grant funds for lobbying purposes or activities.
- 22) REVERSION OF ASSETS. The Grantee is prohibited from disposing any real or personal property acquired with County funds received under this Agreement, without first receiving prior written consent of the County. Should the Grantee cease to use any real or personal property acquired with County funds for the purposes or personal property acquired with County funds for the purposes described in this Agreement, the Grantee shall either:
- a) Pay the County the current fair market value of the asset; or
  - b) Transfer control of the asset to the County.
- Unless the Grantee has the written consent of the County, the Grantee shall transfer to the County upon expiration or termination of this Agreement:
- a) Any County funds on hand at the time of expiration or termination of this Agreement;
  - b) Any account receivables attributed to the use of County funds; and
  - c) Any real and/or personal property acquired or improved in whole or in part with County funds.
- 23) PRODUCTION OF INFORMATION. If applicable, Grantee shall comply with all requests of the State of Hawaii for information and reports regarding the project and Grantee's operations.
- 24) COMPLIANCE WITH LAWS. Grantee shall comply with all applicable Federal, State and County laws, rules, regulations, licensing requirements, applicable accreditation and other standards of quality generally accepted in the field of Grantee's activities.

- 25) **METHOD OF PAYMENT.** Unless otherwise specified herein, Grantee shall submit on their agency's letterhead written reimbursement request to the County for payment of grant funds. Payment shall be made as work is performed and the required invoices, billing statements, or other documents are submitted. Each reimbursement request shall:
- a) Be authenticated as to its accuracy by the Grantee and verified by a designated County official;
  - b) Include a certification by Grantee that the work for which payment is requested was performed in accordance with the terms of this Agreement;
  - c) Include copies of receipts, canceled checks, vendor agreements, and/or other documents providing verification of work completed in accordance with this Agreement; and
  - d) Be presented in duplicate, with two (2) complete sets of all items submitted.

The County will reserve 10% of the grant award as a final payment. Final payment on this Agreement shall be available upon completion of Grantee's program, receipt by County of a final report which County finds to be acceptable, and if applicable receipt of a certified copy of a State of Hawaii Tax Clearance Certificate for the Grantee validated by the State of Hawaii Department of Taxation and the Internal Revenue Service or other forms of documentation that meet the requirements of County policy and are deemed acceptable by County.

- 26) **PROGRAM INCOME.** "Program Income" means gross income received by Grantee generated from the use of County funds. In no event shall any of the income, earnings or assets of the Program, including any and all grant funds, surplus funds, or Program Income as described herein, be distributed by Grantee to, or for the benefit of, its corporate directors, officers, members, employees or consultants. Discretionary use of Program Income by Grantee is strictly prohibited.
- 27) **PROCUREMENT.** If Grantee contracts for the design and/or construction of any structure, defined for purposes hereof as any construction involving a load-bearing wall, Grantee shall comply with the Hawaii Public Procurement Code, Chapter 103D, Hawaii Revised Statutes, any County procurement policies for the procurement of contracts for design and/or construction of any structures as defined herein. Grantee shall ensure that all procurement transactions for construction of non-structures, as defined herein, and all procurement transactions for goods and services are conducted in a manner to provide, to the maximum extent possible, open and free competition.

- 28) INSPECTIONS AND MONITORING. Grantee shall permit the County or its duly authorized agent free access to any any all Grantee programs, facilities, event or activities without advance formal notification or appointment when such access is for the express purpose of monitoring, investigation, researching or formulating programs, services or related policies and procedures or when County is otherwise in the pursuit of any official business relative to any aspect of this agreement.

**In the event Grantee fails to adhere to any of the conditions listed herein, County may withdraw any part or all of the grant. Grantee shall be held liable of any grant funds expended in a manner inconsistent with this Agreement, including any attachments incorporated therein.**