

May 16, 2019

**UPDATE SUMMARY  
GRANT APPLICATIONS FOR FY2020 AND FY2021**

**A.**     **HOW TO APPLY page:**

- Corrected the Application Timeline to indicate that *Portals for official submission of an online grant application for FY20 or FY21* (**not FY22**) will open soon.

**B.**     **FORMS page:**

- Added instructions about submitting Form 5 package to consulting agencies by May 24, 2019.
- FORM 5b and FORM 5c (both FYs): Corrected the due date for agency response at the top of page 2 ("**not later than July 8, 2019.**") If you want to use the previous, uncorrected version of a form, please write-in, write-over, or label with "**not later than July 8, 2019**" just before "Thank you!"
- FORM 5a, FORM 5b, and FORM 5c (both FYs): Disregard the blank fillable space and the blank check box at the bottom of page 1.
- FORM I (FY21): Corrected the hyperlink to provide direct access to the proper form.

C. ANSWERS TO QUESTIONS ABOUT “how this grant will work in the Real Estate transaction process”:

1. My understanding is that a property does not need to be in escrow (under contract) to submit an application for this grant, is that correct?

**Correct.**

2. If #1 is true, when will price/terms need to be agreed and the property need to be put in escrow according to the grant process?

**A purchase and sale agreement between buyer and seller is one of the documents that the State must accept from its Awardee during the due diligence process.**

**Please see <https://dlnr.hawaii.gov/ecosystems/files/2018/07/Exhibit-B.pdf>. Exhibit B is part of the contract between the State and its Awardee that governs use of the grant funds for land acquisition.**

3. When submitting an offer, would we be submitting a cash offer or subject to financing? My understanding is that the grant will be provided to the sellers in the form of cash, but I'd like to confirm.

**The State delivers, to escrow, a check payable to its Awardee, in the amount of the grant. The Awardee endorses the State's check for deposit into escrow.**

**If an applicant proposes a purchase subject to financing, then that would be new territory for the program, and perhaps impossible to cross through, but we can explore further if necessary.**

How does the appraisal process work? Does DLNR (the granting organization) hire the appraiser? At what point does this appraisal take place?

**Please see Exhibit B, hyperlink above. Appraisal and appraisal review required, no set timeline, however it can be helpful to stage the initial appraisal after (1) title report/title search; (2) boundary verification; (3) environmental inspection, including Phase 1 Environmental Site Assessment (performed according to current ASTM standards) and subsequent related actions if necessary.**

**The State does not hire the appraiser or the review appraiser. Appraisal and appraisal review must conform with USPAP standards. The State reviews the initial appraisal, then notifies the Awardee to submit a proposed Scope of Work for the appraisal review and to identify the proposed review appraiser. The State accepts the Scope of Work and Review Appraiser, then**

the Awardee submits the completed review appraisal. The entire appraisal process is not complete until the DLNR Chair approves the entire appraisal package. An applicant may include appraisal costs in the State grant budget, reimbursable from State grant funds at closing or as matching funds for the State grant. Same for most other due diligence items, pay careful attention to Form 3 and Form 4 in the application.

4. What other contingencies are necessary for the purchase of real estate as part of this grant? I'm assuming we'll want the property surveyed. Any sort of environmental assessment? Any sort of cultural assessment for things like Hawaiian burial remains? What else is needed to satisfy this grant process?

Please see Exhibit B, hyperlink above. During the application review process, it is not uncommon for information and concerns about the property to arise. In general, the more that an Awardee knows about the property, and the tighter the documentation, the better. The Resource Value Documentation ([http://dlnr.hawaii.gov/ecosystems/files/2013/09/LLCP-resource-value-doc-8-5-08-final\\_.pdf](http://dlnr.hawaii.gov/ecosystems/files/2013/09/LLCP-resource-value-doc-8-5-08-final_.pdf)) is important because it helps to establish a baseline for resource conditions that the Awardee and the State will monitor forever.

5. Once we agree to terms with the seller and open escrow, how long of an escrow period is necessary per the terms of the grant?

The State does not prescribe the length of the escrow period. The initial contract/grant agreement is for a two-year time period; the State usually grants subsequent one-year extensions upon request.

However, after five years, and each year thereafter, the Board of Land and Natural Resources reviews the proposed transaction and decides whether or not to continue the contract for another year.

6. When agreeing to terms and opening escrow, there is an Earnest Money Deposit that the Buyer deposits into escrow in good faith. Who will be submitting this deposit?

Please see Exhibit B, hyperlink above. The State must accept escrow instructions as part of Awardee's due diligence (State focus is on procedural terms). However, the State is not a party to the escrow; does not provide funds for Earnest Money Deposit; and does not participate in negotiations about same.