

Homebuyer Eligibility Requirements

1. **Minimum 3 year residency:** You must have lived in San Juan County for at least three years. These do not need to have been the last three consecutive years, but you must be able to demonstrate the ability to make a living in the islands. If there is no waiting list, this minimum may decrease to two years.
2. **Income:** Your household must have a total income that is enough to pay the monthly mortgage, taxes and insurance. To be eligible for a **subsidized** home, the total annual income for your household must be less than 80% of Area Median Income for your household's size. You may be eligible for a **non-subsidized** Home Trust home if you earn between 80 and 12-% AMI. Below are the **2010** maximum gross incomes by household size for a **subsidized** home:

Number of People in Your Household				
1	2	3	4	5
\$38,050	\$43,450	\$48,900	\$54,300	\$58,650

3. **Credit Rating:** You must have a good credit rating showing no significant delinquencies in the past year and no bankruptcy in the past three years. We will run a preliminary report for you to see if there are any areas needing attention. The mortgage lender will run their own report when we submit the mortgage application to them.
4. **Debt:** At the time you apply for a mortgage your total debt (including the cost of your house) may not exceed 41% of your income (depending on your annual income and the type of mortgage for which you qualify). Debt includes any long-term obligations (a repayment period of more than 6 months). Examples of debt include (but are not limited to) car and student loans, child support payments, and credit cards. A Home Trust representative can help you determine your debt to income ratio during your initial screening interview. The ratio of your mortgage debt to your monthly income must be less than 29% if your income is very low, or 33% otherwise.
5. **Employment or other income:** You must have proof of steady employment or income for at least one year. Sources of income include all wages, overtime and tips; interest and dividends; social security, annuities, pensions; unemployment, disability and severance compensation; alimony and child support; and most forms of public assistance. Self-employed individuals must demonstrate proof of earnings with tax returns for the past two fiscal years.
6. **Assets:** If you have assets valued at more than \$10,000, you may be required to use them towards your down payment. Assets include such things as a savings account, real estate, a mobile home, recreational vehicles, boats, art collections, or similar items. **Household possessions, cars, and Individual Retirement Accounts (IRAs) or pensions are not included in your asset calculation.**

If you are not eligible, how could you become eligible?

The most frequent reason for ineligibility is too much debt. If you meet all other eligibility and pre-qualification requirements, but think you might have too much debt, we encourage you to come in and talk with us. We will be happy to review your financial situation with you and assist with budget planning and other steps that will help you work towards eligibility.

If you currently own a home, you must sell it prior to applying with a lender for a Home Trust mortgage. You will be limited in the amount of cash you can retain without contributing to the down payment. Some of our buyers, with sufficient cash but little income, have bought their homes outright, with no or very little mortgage.

If your household's total income is greater than 80% of area median income (see the amounts in Number 2 above), you may still be eligible for a **non-subsidized** home, if any are available. Please call 378-5541 to make an appointment to review your individual circumstances.