

## Homebuyer Selection Criteria and Process

### POLICY:

Community Land Trust of Palm Beach County (CLT of PBC) homeownership opportunities will be made available to applicants who meet the following eligibility criteria on a first qualified, first served basis through the process outlined below:

#### I. Eligibility Criteria

- A. Residency: Applicants must be residents of Palm Beach County.
- B. First time homebuyer: Applicants must be a first time homeowner OR have not owned a home in the past three years OR are a divorced single parent whose spouse kept the house OR a displaced homemaker.
- C. Creditworthiness:
  1. All applicants must have a good credit rating showing no significant delinquencies in the past year and no bankruptcy in the past three years.
  2. Applicants will be required to provide a current credit report as part of their homebuyer application.
- D. Mortgage Readiness: Applicants must have cash savings in the following amount of cash savings and be able to qualify for a 1<sup>st</sup> mortgage:
  1. Households with incomes 50% or below of the area median income (AMI) earned by households in Palm Beach County, adjusted for household size, must have cash savings equal to 1.5% of their adjusted gross income. AMI figures are published annually by the U.S. Department of Housing and Urban Development (HUD).
  2. Households with incomes above 50% of the AMI must have cash savings equal to 3% of their adjusted gross income.
- E. Income:
  1. Maximum Income: To be considered for selection, the household income of applicants must not exceed 120% of the AMI. **Some subsidy providers impose limits that are less than 120% of the AMI. Whenever this is the case, the subsidy provider's maximum income shall prevail.**
  2. Minimum Income: Applicant's must have sufficient income to pay mortgage payment, property taxes, insurance premium, HOA fees (if any) and CLT of PBC ground lease fee.
- F. Debt-to-Income (DTI):
  1. Maximum DTI: the ratio of monthly housing cost (i.e. mortgage payment, property taxes, hazard insurance premium, HOA fees, and ground rent) plus other household debt (e.g., credit cards, car

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loans, school loans, etc.) to household income may not exceed 45%.

G. Employment or Other Income:

1. Applicants 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.
2. Self-employed individuals must demonstrate proof of earnings with tax returns for the past two fiscal years. Self-employed individuals income is evaluated after business expenses are removed from gross income.

H. Assets:

1. An applicant may have “liquid assets” up to \$200,000 (excluding IRA’s, pensions and retirement funds). Liquid assets are any cash or cash equivalents which can be immediately converted into cash at an established rate or value. Cash equivalents include savings bonds and other bond investments; corporate stock and stock futures; mutual funds; and any other investment security or note.
2. Any liquid assets exceeding \$200,000 must be used towards the downpayment.

I. Capital Requirement

1. Applicants must contribute at least 1% of the purchase price.
2. **Some subsidy providers impose minimum applicant contribution requirements that exceed the CLT of PBC’s. Whenever this is the case, the subsidy provider’s requirements shall prevail.**

J. Homebuyer Education:

1. Applicants must attend a CLT of PBC Homeownership Orientation. Such orientations will be conducted from time to time and may be presented as group or individual sessions; and
2. Applicants must complete a Palm Beach County Commission on Affordable Housing approved First Time Homebuyers’ Education Program for a total of eight (8) hours.

- K. The CLT of PBC Board of Directors may, from time to time, waive certain homebuyer criteria, including maximum income limits when doing so advances CLT of PBC’s overall charitable mission. In such instances, however, the prospective CLT of PBC home buyer shall be required to execute, and abide by all provisions and terms of the standard CLT of PBC ground lease agreement.

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II. CLT of PBC Homeownership Process

In order to purchase a CLT of PBC home, an applicant must complete the following process:

- A. Attend a CLT of PBC Homeownership Orientation:
  1. These orientations will be held from time to time in either group or individual sessions.
  2. At each session, interested applicants will complete preliminary CLT of PBC homeowner applications.
- B. Complete an eight (8) hour Palm Beach County Commission on Affordable Housing approved First Time Homebuyers' Education Program. CLT of PBC staff will provide applicants with a list of approved programs.
- C. Meet with CLT of PBC staff:
  1. Applicant will fill out a full CLT of PBC Application.
  2. CLT of PBC staff will determine mortgage eligibility.
  3. If applicant is interested in a particular home, he/she will be placed on a wait list.
  4. CLT of PBC staff will provide applicant with list of approved lenders.
- D. Meet with a lender and get pre-approved for a loan.
- E. Seek Independent Counsel:
  1. Meet with an attorney independently to review the lease and other documents related to your transaction.
  2. The CLT of PBC can refer applicants to an attorney who can provide these services at no cost.
- F. Sign a Purchase and Sale Agreement to Buy a New Home
- G. Proceed to closing

