



HOMEBUYER SELECTION POLICIES & PROCEDURES

I. OVERVIEW

This policy paper is intended to guide the development and implementation of both general and project-specific homebuyer selection procedures administered by the NHOM Community Land Trust. This policy shall be reviewed from time to time by the Selection Committee for effectiveness in guiding the NHOM Community Land Trust in the pursuit of its mission. This policy may be amended by a majority of the Board.

II. GOALS

The goals that these policies are intended to support are:

- a) To provide guidelines for evaluating applicants in a fair and equitable manner and to assure the evaluation process is transparent and made fully available to applicants.
- b) To assure continuity in selection criteria and policies;
- c) To assure that NHOM implements policies consistent with the laws and principles of fair housing.
- d) To find the best match between households and housing units that are the right price and the right size.

III. SELECTION CRITERIA

A. THRESHOLD SELECTION CRITERIA

The following criteria reflect the NHOM Community Land Trust's goal to reasonably match household size to unit size and household income to housing costs. To qualify for a NHOM home, applicants must be:

1. Majority Age - must be 18 in Hawaii to qualify for a mortgage.
2. Citizen of USA or registered alien.
3. Income Eligible:
 - a) Maximum Income: To be considered for selection, a household must have a combined annual income which does not exceed one of the following: 80%, 120% or 140% of the HUD median income of households of equal size residing in Maui County or the median income for Hana, Lanai and Molokai, as adjusted by the Department of Housing and Human Services. The grant funding agency for the property determines the maximum income limit (e.g., County of Maui

Affordable Housing Fund limits the program to households earning no more than 120% of area median income).

In addition households at any income level who:

1. Wish to place land which they own in the NHOM Community Land Trust, or
 2. Wish to undertake a sale-leaseback arrangement with the NHOM Community Land Trust, or
 3. Who agree to be bound by the NHOM Community Land Trust's resale restrictions.
- b) Minimum Income: To be considered for selection, a household's monthly income, when multiplied by the appropriate debt-to-income ratio, must be sufficient to support the housing costs for the housing opportunity in question. In general, households that require a cosigner in order to obtain a mortgage will not be considered.
- c) Affordability - (i.e., matching household income to housing cost). In general, affordable means that the monthly cost of occupying a particular housing unit does not exceed 35% of monthly household income, depending on the applicable lender's guidelines.
- d) Assets - To be considered for selection, a review of a household's financial resources and circumstances should clearly indicate a limited ability to compete successfully in the conventional housing market in Maui County. (e.g., The County of Maui Residential Workforce Housing Policy limits assets to 160% of the County's area median income as established by HUD, or as adjusted by the DHHC for Hana, Lanai and Molokai.)
4. Creditworthiness: In all cases, a household must be able to demonstrate a sense of ownership of its financial obligations, and a history of responsible effort to meet them. The household must be "pre-approved" by an institutional mortgage lender to determine whether mortgage financing is likely to be obtained by the household based on the applicant's available cash resources and the known requirements of various mortgage programs for which the household may be eligible, and have completed the NHOM 4-step qualification process.

B. SECONDARY SELECTION CRITERIA

The following considerations will be given weight in evaluating applicants. The considerations presented here, not necessarily in order of priority or importance will be considered in those instances when there are two or more households expressing interest in a particular unit and who meet the Threshold Eligibility Criteria outlined above.

1. Residency: Residents of the community within which the housing unit is located, residents of the county, and residents of the state - in this order. Length of residency will be considered.
2. First-time homebuyers: Defined as someone who has not owned a principal residence in the past three years; or a single parent who may have owned a home with a former spouse in the past three years but now no longer resides there.
3. Appropriate Size: (i.e. matching household size to unit size). In general, households consisting of the number of persons appropriate for the unit size will be given preference as follows:

Unit Size	Household Size
Studio	1 person
1 Bdrm	1-2 persons
2 Bdrm	1-3 persons
3 Bdrm	3-5 persons
4 Bdrm	4-6 persons
5 Bdrm	5-7 persons

4. Need: In general, the NHOM Community Land Trust will give consideration to the lower-income household. If households from different income categories are being reviewed for selection, the lowest income category household will be given preference. The NHOM Community Land Trust will give special consideration to households facing immediate or near-term displacement, especially if children are involved.
5. Application on File: Length of time which a household's application for home ownership has been on file.
6. NHOM Community Land Trust Membership: Length of membership in the NHOM Community Land Trust, and length of membership in other CLT's, in this order, will be considered. Involvement in the NHOM Community Land Trust's operation and general activities will also be considered. NHOM Homeowners who apply to purchase another NHOM home will be allowed to make their Purchase Contract contingent upon the sale of their existing home per the terms of Article 10 of the Ground Lease and Purchase Option. NHOM will not accept offers to purchase a NHOM home contingent upon the sale of a market rate home.
7. Community involvement: Residents having demonstrated involvement with and commitment to the community as evidenced by organizational memberships and/or participation in, support for, or sponsorship of non-profit, church, school or civic groups/events, etc.
8. Heirs: If "heir property" is sold to the NHOM Community Land Trust, any heir of the former owner(s) that meets the Threshold Eligibility Criteria outlined above, and who has properly filed a CLT homeownership application will be given special consideration.
9. Additional Criteria: On a project by project basis, additional secondary criteria may be applied such as occupation, location of employment and/or employment with a specific employer.