

**Tacoma Community Redevelopment Authority**  
**Homebuyer Ratio(s) Guidelines**  
**As of February 2002**

The Tacoma Community Redevelopment Authority (TCRA) generally will approve an application for TCRA homebuyer assistance if: (1) the applicant has been approved by a lender for the primary loan; (2) the applicant meets the federal and local requirements of the assistance applied for; and (3) funds are available. The TCRA, however, reserves the right to deny funding for any application that does not meet the specific requirements or the *intent* of the assistance program(s).

When evaluating application(s) for down payment assistance and other federal funding assistance to help purchase a home, the following factors and formulas will be used:

1. Homebuyer's annual household income shall not exceed 80% of the published median income for the area, adjusted for household size. Annual income is defined as the gross amount of income anticipated by all adults (age 18 and over) in a family or household during the 12 months following the effective date of determination. Please see Tacoma Community Redevelopment Authority's (TCRA) *Income Determination Policy Statement* for additional information on determining income.
2. The mortgage payment to income ratio shall not exceed 35% as determined by the mortgage payment, including property tax and homeowner's insurance, (PITI) divided by the household's gross monthly income.

$$\frac{\text{PITI}}{\text{Household's Gross Monthly Income}} \leq 35\%$$

3. The Affordability Index shall not exceed "one" as determined by the mortgage payment, including property taxes and homeowner's insurance, (PITI) divided by 35% of the household's gross monthly income.

$$\frac{\text{PITI}}{35\%(\text{Household's Gross Monthly Income})} \leq 1$$

4. The total monthly payment(s) to income ratio shall not exceed 50% as determined by the total recurring monthly payments, including PITI payments for the proposed mortgage(s), divided by the household's gross monthly income.

$$\frac{\text{Total recurring monthly payments}}{\text{Household's Gross Monthly Income}} \leq 50\%$$