



**National
Housing Trust**
...the key to your home

YOUR HOME BUYER'S GUIDE



HANDY HINTS

**ON HOW TO
FIND AND BUY A HOUSE**



Three co-applicants for home loans

- **Up to three NHT contributors with demonstrable kinship ties will be able to co-apply for a loan to acquire a house.**
- **Together, they may access up to \$19.5M to build or buy a house with a minimum of two bedrooms.**



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Things to consider before house hunting

Where do you want to live?

Look for houses on sale in neighbourhoods with which you are familiar, but be open-minded. The wider the search area that you allow yourself, the more likely it is that you will get results. You may therefore have to extend your search to other communities and even other parishes.

How much can you afford?

The type, size and location of the house you buy, will depend on the funds available to you. Whether you are applying for a mortgage from the NHT or from another financial institution, you will need additional financing to cover some costs associated with the purchase.

Value for money

Unless you are buying a new house, you should be prepared to do some repairs to get the property to the stage where you want it.

If the house is in need of major repairs, get realistic estimates for doing these repairs before committing yourself to a purchase. Once you have the estimate, ask yourself “Is this worth it?” Even at a bargain price you might not be prepared or able to do the fixing necessary to make the house habitable.

Things to consider when house hunting

As you go house hunting, here are some important questions to ask yourself:

- Is the house a reasonable distance from work?
- Is there easy transport to and from schools, shops, churches, entertainment and other services?
- Do you like the character of the area? Is it quiet enough or exciting enough for you?
- Does the area seem neglected or are the properties well kept?
- Are there physical amenities and services such as water supply, electricity, good roads and garbage collection?
- If you had to sell this house for whatever reason, would you have difficulty getting a buyer?
- Is the area prone to flooding?

Once you find a house that you would like to buy, visit the location at different times to get an idea of activities that take place there. A weekend or nighttime visit for example, could reveal nuisances that you would not normally notice during the day.



Finding the house

Newspaper advertisements

One of the most common ways to find a house is to search the real estate section of your newspaper.

Real estate agencies

Real estate agents can help to reduce your search time by finding the property to suit your needs. They will also help you to complete some aspects of the paper work. Real estate agents can be found in the telephone directory or via the internet.

Auctions & private treaty listings

Mortgage financing institutions usually advertise properties for sale by public auction or private treaty, in the newspapers or on their websites. **Scan the QR code on page 19 to view NHT properties** being sold via this means.

For more about buying NHT properties by auction and private treaty, **see page 13.**



Professional services

Before you buy a house, you need to satisfy yourself and your lending institution that there are no risks involved in the purchase. You should therefore secure the services of the following professionals to guide you:

Land surveyor

A commissioned land surveyor identifies the boundaries of the property you are buying. The surveyor will also detect any breaches to the restrictive covenant or any shifting of boundaries so that these can be corrected before the sale is complete. If you are borrowing from an institution, the surveyor's identification report should not be more than one year old. You may contact the Land Surveyors Association of Jamaica for a list of members from which you can choose.

Property valuator

You will need to have a current valuation of the property so that both you and the institution from which you are getting your loan can feel confident that you are getting your money's worth. In addition, the value of the property is one of the factors that financial institutions use to determine the amount they will lend. The valuation report should not be more than one year old. Most institutions have a list of certified, professional valuers who can assess the value of the property.

Attorney

To avoid extra costs, some buyers choose to use the vendor's attorney to carry out the transaction. They may even decide not

to use an attorney at all. However, the vendor's attorney's primary job is to look after the vendor's interest. As the buyer, you should therefore hire an attorney to protect your own interest.

Additional costs

The price the vendor asks for is the largest cost involved in buying property. But, it is by no means the only cost you will face. In addition to the purchase price, you will also have to find money to pay the following:

Attorney's fee

Legal fees will vary from one attorney to another but are usually a percentage of the selling price of the property, plus GCT. In addition to your attorney's fee, you must pay to prepare the sale agreement and the letters of possession.

Valuator's fee

Fees to prepare the valuation report vary but are usually a percentage of the value of the property.

Surveyor's fee

Surveyors charge a percentage of the value of the property to prepare the surveyor's identification report.

Stamp duty

You will need to pay stamp duty of \$2,500 on the transfer of the property.

Registration fee

Registration fees are also payable on the transfer of the property. The stamp duty and registration fee are sometimes referred to as "half costs" because these fees are shared equally between you and the vendor. If the money you are qualified to borrow from the NHT is greater than the purchase price, the NHT may lend you the difference to pay the half costs.

Service charge

Each lending institution charges a fee for processing loans. With the exception of the cases noted below, the NHT's service charge is 5% of the basic loan. The service charge covers

legal and administrative costs including the stamp duty and mortgage registration fee. At the NHT, the service charge is added to your mortgage loan. This means that you will repay the service charge as part of your regular monthly payment over the life of the loan. Mortgagors who repay their loans at the lowest rate of interest pay a 2% service charge.

EXAMPLE: SUMMARY OF ADDITIONAL COSTS

The NHT will finance 95% of the purchase price of a property being bought on the open market, up to a ceiling of \$7.5 million per contributor. The vendor and the purchaser will pay half the cost, plus GCT for the sale agreement and letters of possession.

Here is an example of the duties and fees that must be paid to complete the purchase of a house that costs \$7.5 million.

CHARGE	WHO SHOULD PAY		BUYER PAYS
	VENDOR	BUYER	
Agreement for Sale + GCT*	YES	YES	\$53,025
Letters of Possession + GCT*	YES	YES	\$9,951.92
Transfer Fee on Property	YES	NO	
Stamp Duty on Transfer	YES	YES	\$2,500
Registration Fees on Transfer	YES	YES	\$18,750
Attorney's Fees (3%) + GCT*	YES	YES	\$258,750
Estimated Total			\$342,976.92
Purchase Price			\$7,500,000
TOTAL			\$7,842,976.92

*THIS IS AN ESTIMATE. ATTORNEY'S FEES VARY AND ATTRACT GCT



Getting financing

Not many people can finance a house purchase on their own. Most will need to borrow money from a financial institution.

How to qualify for an NHT loan

To qualify for an NHT loan you must:

- be between 18 and 70 years of age
- be earning the minimum wage or above
- have made at least 52 weekly contributions
- be a current contributor, with at least 13 weekly contributions made in the 26 weeks leading up to the loan application, and
- at the time of applying for your loan, you should satisfactorily account for contributions due in the last three years.

Preparing to apply for your NHT loan

Use the mortgage calculator at www.nht.gov.jm to find out how much the NHT will lend you. In addition, you may access a pre-qualification (eligibility) letter at online.nht.gov.jm.

Make sure your documents such as job letter, birth certificate, proof of identity, TRN and NIS cards are up to date and are accurate.

Once you have found your house:

- Make sure that the seller has a registered title and has the legal right to sell the property.
- Use the loan application checklist to prepare for your NHT loan interview, [see page 15](#).
- Negotiate a price and agree on the conditions of sale with the seller. These will be outlined in a sale agreement which you will be required to sign. The sale agreement has a date by which the sale must be completed. Some agreements have an interest clause which requires the purchaser to pay for any delays. You should therefore move quickly to complete the loan application process once the agreement has been signed.
- Make a deposit on the property as requested by the seller.

Where & how to apply for your loan

If you earn more than \$30,000.99 weekly, you should apply for your NHT loan through one of the NHT's partners under the External Financing Mortgage Programme (EFMP). These partners include banks, building societies and credit unions. **Scan the QR code on page 19 for the list of partners** or ask your bank, building society or credit union if they are an NHT partner and apply there.

If you earn under \$30,000.99 weekly, you may apply directly to the NHT or to an EFMP partner. To apply directly to the NHT, scan and email all the required documents to wecare@nht.gov.jm and request an appointment for your loan interview.



Accessing additional financing

Contribution Refund Toward Deposit (CRTD)

You may access your NHT contributions, which are not yet due to be refunded, to assist with costs associated with purchasing property.

Microfinancing

If you earn up to \$42,000 per week, you may apply through a participating credit union, for an NHT loan of up to \$1.5 million for housing related activity. The loan may be used for land titling, construction and infrastructural works, property valuation and surveying. The loan may be secured at a 6% interest rate or unsecured at a 9% interest rate.

Home Grants

If you earn up to \$15,000.99 weekly and you have contributed to the NHT for seven full years without receiving a loan, you may be eligible for a Home Grant of up to \$3.5 million.

Buying at auction or by private treaty

Auction

Financial institutions use the services of private auctioneers to sell properties for which loans are in default. The date, place and time of public auction are usually advertised and you may attend to make a bid on the listed properties. Before attending the auction, visit the property to determine how much you are willing to pay.

Here are some tips for bidding at public auction:

- **Listen carefully.** The auctioneer normally reads out the conditions of sale before bidding starts. Note these conditions to make sure they suit you. One condition for example, could be that the property is being sold “As is”; meaning that you may have to assume responsibility for repairs, utility and other bills associated with the property. Another condition could be that the selling institution does not guarantee vacant possession; meaning that if there are tenants, you will be responsible for getting the tenants to vacate the property.

- **Be careful not to overbid.** A public auction can be an exciting and competitive event and sometimes people get carried away by the bidding process.

Always remind yourself of your original estimate so that you do not end up paying more than you initially thought the property was worth.

- **Prepare to make an immediate deposit.** If your bid is successful, you will be required to make a deposit of at least 15% of the bid price before leaving the auction house. This means that if you intend to bid approximately \$3 million for the house, you should have at least \$450,000 to pay immediately. If you do not make a deposit, there is no guarantee that the property will be held for you.



Private treaty

Sale by private treaty is another method financial institutions use to recover mortgage loans that borrowers have failed to repay. Interested persons should submit their bids in sealed envelopes. At the same time, they should provide evidence of their ability to make the purchase. The successful bidder is the one who makes the highest offer and proves his/her ability to afford the bid.

Here are some things to note if you are thinking about bidding for an NHT property being sold by private treaty:

- **Before submitting your bid, visit the property with someone who can help you to assess its value.** The owner may not permit you to enter the property but it is still worthwhile to check the exterior to see if it suits you.
- **Make a realistic offer.** Many people believe that the NHT's aim is merely to recover the amounts that are owing on the property therefore private treaty properties can be bought at "bargain" prices. However, the NHT's objective is to obtain the best price. Therefore bidders should always seek to make a realistic offer.
- **Prepare for the possibility of going through the court to gain possession of the property** as the institution selling the property does not guarantee vacant possession.
- **Except for outstanding property taxes and water rates the NHT does not accept responsibility for bills associated with the property.**

For more information on how to buy NHT properties by public auction or private treaty, [scan the QR code on page 19](#).



Open Market Loan Application Checklist

Below are the documents required for your NHT loan interview. Original documents must be submitted except where specified.

PERSONAL DATA

1. **NIS card**
2. **TRN** (the card, Jamaican driver's licence or letter). This is required from all loan applicants and persons whose names appear or will appear on the title, including persons residing overseas.
3. **If employed to a company:**
 - a. **verification of gross income** and contributions letter from past and present employers
 - b. **last two pay slips** from present employer
4. **If self-employed**, contact the NHT Compliance Department to ensure your contributions are current
5. **Proof of age** (certified copy of new birth certificate)

6. **Two forms of valid identification** (driver's licence, passport, national voter's registration card). At least one must be government issued
7. **One current passport-sized photograph**
8. **Certified copy of marriage certificate** (where applicable). Submit relevant documents in the case of divorce.
9. **Certified copy of deed poll** (where applicable).

PROPERTY DOCUMENTS

10. **Copy of registered title for the property**
11. **Certificate of payment of taxes**
12. **Most recent water bill**
13. **Certificate of payment of peril insurance from strata/housing corporation** (where applicable)
14. **Surveyor's ID report** (should not be more than one year old)
15. **Valuation report** (should not be more than one year old)
16. **Letter from Housing Agency of Jamaica** (formerly National Housing Development Corporation Ltd. and Caribbean Housing Finance Corporation) giving permission to sell the unit, if a mortgage currently exists with that institution.

FINANCIAL DOCUMENTS

17. **A signed sale agreement** of at least 90 days duration with a minimum of 60 days left for completion of transaction from the date of submission of the application
18. **A deposit receipt.** A deposit of not less than 5% of the cost of the unit/lot must be made to the vendor's attorney
19. **Letter of commitment from other financial institution** (for applicant(s) who is/are also getting funds from another financial institution)

20. **Letter from strata/housing corporation indicating payment of maintenance fees** (where applicable)
21. **Structural engineer's report** – if any part of the house is forty years and over or there are cracks in the walls or evidence of termites, and
22. **Statement of Account from the vendor's attorney.**



Steps to your Open Market or House Lot Loan

1. Gather the facts

From:

- www.nht.gov.jm
- NHT personnel at expos and special events
- NHT Call Centre

2. Find out how much you can borrow

Check your eligibility at online.nht.gov.jm or use the mortgage calculator on the NHT website or mobile app to estimate how much you are qualified to borrow.

3. Negotiate the purchase terms

Agree on the selling price and other terms of payment, with the vendor

4. Prepare for your loan interview

Use the NHT checklist on **pages 15 to 17** as a guide for the documents you will need for your loan interview

5. Get approved

Attend NHT loan interview & receive your letter of commitment (*Same day*)

6. Legal process*

- NHT issues letter of undertaking to the vendor's attorney (*within 10 working days*)
- Vendor's attorney sends registrable instruments to NHT (*up to 120 days*)
- NHT lodges documents for transfer and registration of mortgage (*10-20 days*)
- NHT disburses funds to the vendor's attorney (*in 5 days*)

Congratulations! You are now a home owner

**Timelines apply to transactions being processed at the NHT. If you earn \$30,001 or more, speak with your external financing partner about their delivery timelines.*

Interest rates

NHT interest rates are determined by your income, with contributors in the lowest income groups paying 0% interest on their loans.

Weekly Income	Interest Rate
Minimum wage - \$30,000.99	0%
\$30,001 - \$42,000.99	2%
\$42,001 - \$100,000.99	4%
\$100,001 or more	5%

QR codes



Scan for mortgage calculator



Scan for public & private treaty lists



Scan for list of external financing partners

Contact Us

NHT WEBSITE & LIVE CHAT

www.nht.gov.jm

E-MAIL

wecare@nht.gov.jm

SOCIAL MEDIA

Facebook: @TheNHT

Twitter: @TheNHT,

Instagram: @nationalhousingtrust

DOWNLOAD THE NHT APP

Android: Google Play

iOS: Apple App Store