



Eligibility Requirements for Homeownership

You are eligible if you meet the following six criteria:

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.
2. **Income:** You must earn enough to pay the monthly mortgage, taxes and insurance, and in most cases your income must be below 80% of the median income for the county for your family size. A limited number of OPAL homes are available to people earning more than 80% of median income but who cannot afford to buy a market rate home on Orcas Island. If you are self-employed, qualifying income is calculated after deducting any business-related expenses (i.e. the bottom of your Schedule C.) In 2009 80% of median income is defined as follows:

Household Size	1	2	3	4	5
80%	\$37,400	\$42,750	\$48,100	\$53,450	\$57,750

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. When you have completed your application form, take it to OPAL along with the \$20 credit report fee, and an OPAL representative will run your credit report and review it with you. If you have concerns about your credit, talk to OPAL's Housing Manager to find out how to move forward with your housing application.
4. **Debt:** At the time you apply for a mortgage and when you purchase your home, your total debt (including the cost of your house) may not exceed 38% of your income. Debt includes any long-term obligations (a repayment period of more than 6 months), such as automobile payments and student loans, plus the minimum monthly payment for all credit card debts. OPAL's Housing Manager can help you determine this percentage during your initial screening interview. Generally, however, monthly debt obligations of more than \$200-\$250 in addition to house payments will make it difficult for you to qualify.
5. **Employment or other income:** You must have proof of 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 are seeking a mortgage through USDA, you may not have net personal assets exceeding \$7,500 (or \$10,000 if you are a senior) in value *after* you purchase your house. If you are seeking a conventional loan, net personal assets *after* you purchase your home may not exceed 80% of the median income for the county, adjusted for household size (see chart above). Funds used toward the purchase of your home are excluded from the asset limit. Assets include savings, land, mobile homes, recreational vehicles, boats, art collections, or similar items. Not included in the calculation of asset value are household possessions, cars, and Individual Retirement Accounts (IRA's) or pensions.

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

The most frequent cause of ineligibility is poor credit or too much debt. If a prospective resident meets all other eligibility and pre-qualification requirements, but has too much debt, we encourage them to meet with us. We have resources to assist with debt reduction and budget planning that will move an applicant towards

eligibility. Applicants are advised to meet with the OPAL Housing manager if they are not currently eligible, but believe they could be. Call 376-3191 to make an appointment.