

Lopez Community Land Trust (LCLT)
P.O. Box 25, Lopez Island, WA 98261
360.468.3723

Cooperative Homeowner Application Process (1)

I. ELIGIBILITY

To qualify for purchase a home with LCLT please review the Eligibility Requirements for Homeownership (attached) and then complete the criteria listed below. After completion if LCLT determines you qualify according to the criteria, you will then either be placed on our waiting list or if a home is available you will take the next steps towards purchase. If you are not eligible but have a realistic plan for becoming eligible please contact the LCLT representative at the number above.

II. PRE-QUALIFICATION

1. **Complete the Homeowner's Application and submit to LCLT.** In order to begin the process of applying for a LCLT coop home or sublet from an existing cooperative, you first need to fill out an application and submit it with a \$60 fee, copies of your Federal Tax Return for the last two years and your credit report to the above address, or deliver in person to the office. If some of the questions are difficult for you to answer, please contact LCLT staff.

To order your free annual credit report, visit www.annualcreditreport.com, or call 1-877-322-8228.

2. **Become a member of LCLT.** Join LCLT for a minimum of \$10 annually– this is included in the fee above.
3. **Preliminary Interview:** Meet with LCLT's representative for an interview. We will review your financial status and credit report, describe the qualification and application process, describe some community land trust (CLT) basics and answer any questions you may have. This interview will give you a chance to explain any unusual circumstances in your application, as well as an opportunity to take a look at finances and help you decide if buying a coop home is the right decision for you.

III. APPLICATION for COOPERATIVE OWNERSHIP

If you are applying for a home (share purchase or sublet) with an existing co-op, you first need to qualify financially with LCLT and then meet the qualifications of the co-op. Each co-op has a slightly different application form. Questions regarding purchase of an existing co-op share are best directed to each co-op.

Eligibility Requirements (2)

Below is a list to test your eligibility. Satisfying all the criteria does not *guarantee* eligibility, but allows you to continue with the application process.

1. **Minimum Two-Year Residency – an LCLT guideline that not all coops require.**

A minimum residency on Lopez of at least two years or an employment contract with a Lopez employer with a minimum anticipated duration of two years. You must be able to demonstrate the ability to support your household in the islands. If there are homes available beyond the qualified waiting list, the two-year minimum may be waived.

2. Household Income

Your income eligibility will be determined by your previous two years Federal Tax Returns or signed, notarized statements. The income of all adults in the household is included when determining eligibility, even if all adults are not planning to purchase the house. You must have a reliable stable income (seasonal is ok if it is consistent from year to year) that can support you locally. You'll need to earn enough to pay the monthly mortgage, taxes and insurance and household associated fees, and your income must be at or below 80% of the median income for the county for your family size. In some cases your income may be up to 120% of the area median income. If you are self-employed, qualifying income is calculated after deducting any business-related expenses (i.e. the bottom of your Schedule C).

In 2018 the maximum gross income by household: *updated June 19, 2017*

# in household	1	2
50% of median (very-low)	23,700	27,050
80% of median (low)	37,900	43,300

Some small deductions of no more than 2 - 3% are possible to reduce your income to fit into these limits (dependent children, child care expenses, uninsured medical expenses).

A minimum income is also necessary and is dependent on the sale price of the home you wish to buy, closing costs and current interest rates. This minimum will be clarified during your interview.

3. Credit Rating

Households must have a good credit rating, which means no more than two late payments (30 days late) in the last year, any collections must be paid in full at least six months prior to applying for a mortgage, no judgments or federal debt and no bankruptcies within the past two years. If you have no credit but no derogatory credit we may be able to build a case of alternative credit for your application. If you have concerns about your credit, talk to LCLT's Representative.

To order your free annual credit report, visit www.annualcreditreport.com, or call 1-877-322-8228. Credit reports must be dated within three months of your application date.

4. Employment or Other Sources of Income

Sources of income include wages, overtime and tips; interest and dividends; social security, annuities, pensions; unemployment, disability and severance compensation; alimony and child support; and some forms of public assistance.

5. Household Contribution to New Construction Only

The household should expect to work on the construction site. Depending on the funding source it may be up to 24 hours per week during the course of construction. It takes, on average, 8 months to build a house depending on circumstances. Relatives, friends and 'building partners' can help. In order to qualify you must be willing to participate within your abilities.

6. Assets

Homebuyers purchasing a coop share or house on LCLT land may retain assets after the share or house purchase (exclusive of share or house) with an aggregate value not to exceed 80% of AMI (Area Median Income) for household size, as long as this does not exceed the assets limits for mortgage compliance. For the purposes of this requirement, "assets" do not include the following:

(a) employer-provided retirement plan (both qualified and non-qualified) and IRS-recognized individual retirement accounts;

(b) cars or other vehicles necessary for work or daily living;

(c) assets required for the conduct of the applicant's business, or used in applicant's employment, such as tools, equipment, supplies, and business inventory; and

(d) if the applicant is age sixty-five or over, income-producing assets (such as brokerage accounts, stocks, bonds, and passive interest in income-producing partnerships, limited liability companies and corporations) to the extent that such assets produce annual income not greater than 80% of the AMI based on household size.

7. Home, Mobile Home, Land

Ownership of any of these will likely make you ineligible. It is necessary for you to list them with the current associated value. A final determination will be made after a complete review of all terms and conditions are known. Generally, ownership interest in a home or mobile home on property you also own will make you ineligible. Ownership of a mobile home on rented land or ownership of raw land will be counted as part of your asset limit.

8. Debt

At the time you apply your total projected debt (including the cost of your CLT house share – mortgage payment, insurance, taxes and lease fee - may not exceed 38% - 44% of your income. Debt includes any long-term obligations (a repayment period of more than six months), such as automobile payments and student loans, plus the minimum monthly payment for all credit card debts. LCLT's Representative 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.

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

The most frequent causes of ineligibility are poor credit, too much debt, or unverified or insufficient income sources. If a prospective resident meets all other eligibility and pre-qualification requirements, we encourage them to meet with the LCLT Representative. We may have resources to assist with debt reduction and budget planning that will move an applicant towards eligibility. Call the office to make an appointment (468-3723).

COOP HOMEOWNER'S APPLICATION (3)

If after reading the Cooperative Homeowner Application Process and Eligibility Requirements (above) you self-determine that you qualify please fill out the application below and return to the office via email or hard copy.

Date of application _____ Received by LCLT _____
Submit \$60.00 application fee (includes \$10 annual membership fee)

Name of Applicant: _____		Co-applicant: _____	
Address: _____		City/State: _____	Zip: _____
Home Phone # : _____		Work Phone # _____	
Email: _____			
Name of each member of household:		Date of Birth:	
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____

Eligibility Checklist

- _____ 100% of San Juan County AMI for household size
- _____ Household applicant percentage of AMI%
- _____ Total number of people in household
- _____ Household average annual income (last 2 years)
- _____ Household average monthly income
- _____ Household monthly income x 34% (available for PITI plus ground lease)
- _____ Review Eligibility Requirements and Application Process.
- _____ Submit application (including fee, credit report, and tax statements)
- _____ If not currently a member, join LCLT (included with \$60 application fee)
- _____ Preliminary interview with LCLT Representative

Eligibility Determination Criteria

Dates you have you lived on the island (list years in residence):

Applicant: _____

Co-applicant: _____

List your total income from the previous two years and your projected income for the current year. Attach copies of your Federal Tax Returns from the last two years. Include total gross income such as wages, tips, social security, interest, dividends, alimony, child support, etc. The total and sources must match your Tax Return – Adjusted Gross Income line item.

Applicant:

<u>Income Source/ Employer</u>	<u>Two years ago</u>	<u>Last year</u>	<u>Current year (projected)</u>
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

Co-Applicant:

_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

Total: \$ _____ \$ _____ \$ _____

___ Check here to indicate that you have attached a copy of your credit report. Make sure that the credit report is no more than three months old from the time of application.

To order your free annual report, visit www.annualcreditreport.com, or call 1-877-322-8228.

Is there is anything about your credit history that needs explaining?

List each debt. This includes any payments with more than a six month repayment period, such as automobile loans, student loans, child support, and credit cards. For credit cards, the "monthly amount" must be at least 5% of the total balance due. Be sure to check your credit report and make sure all debt listed below is listed on your credit report unless debt is through a private lender. If so, provide back up information.

	Debt owed to:	Balance due:	Monthly Amount:
Applicant:	_____	\$_____	\$_____
	_____	_____	_____
	_____	_____	_____
Co-Applicant:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Total:		\$_____	\$_____

List each asset and its value. Assets include cash, savings, land, mobile home, recreational vehicles, personal art collections, trusts, etc. Individual Retirement Accounts (IRAs) and pension funds should also be listed, although they do not count as part of your total asset limit. You do not need to list business related assets such as equipment or inventory.

Description of Asset:	Value:
Applicant: _____	\$_____
_____	\$_____
_____	\$_____
Co-Applicant: _____	\$_____
_____	\$_____
_____	\$_____
_____	\$_____

References: Please list at least three unrelated references. One should be a landlord and two should be employers or supervisors of volunteer work:

Name/ Affiliation/ Time Period Known	Phone number
Landlord: 1. _____	_____
Employers: 2. _____	_____
3. _____	_____
Other: 4. _____	_____

Is there anything else you'd like to mention about your situation? Please do so.

Submit your completed application and a \$60.00 application fee to:

Lopez Community Land Trust, PO Box 25, Lopez, WA 98261.

If you have any questions, call 360. 468.3723 or email: LCLT@rockisland.com

All application information will be kept confidential.