

Explanation of Ability-To-Pay Form

Step A: Calculate Gross Household Income: This includes wages, tips, self-employment income, alimony, interest, dividends, social security, SSI, public assistance or public welfare, including unemployment, retirement, disability income, VA and insurance payments from all adult individuals residing in the household. It does not include income earned by a child under 18 years, foster care payments, hostile fire pay, inheritance income, medical cost reimbursements, lump-sum asset payments, educational scholarships or the income of a live-in aide.

Step B: Deduct \$480 for each dependent. A dependent is defined as any household member who is not the head, co-head or spouse, but is under the age of 18 years, or disabled (of any age), or is a full-time student (of any age). The client file must include verification of the student status of any dependent over 18 years.

Step C: Deduct \$400 *per* elderly household. An elderly household is one in which the head, spouse or sole member is 62 years or older.

Step D: Deduct documented, out-of-pocket medical expenses in excess of 3% of annual gross household income for any member in an elderly household.

Step E: Calculate Adjusted Gross Income: $A - (B + C + D) = \text{AGI}$

Step F: Calculate Monthly Income: $\text{AGI} / 12$

Step G: Calculate Income Available for Housing: Multiple monthly income of homeowners by 0.25.

Step H: Calculate Monthly Housing Costs: The only eligible fees are mortgage payment, home insurance, real estate taxes and utility allowances. The only eligible utility allowances are gas, electric, heat, water, public sewer and garbage costs. Air conditioning costs can be included when the client file contains documentation from a medical practitioner, stating that it is a medical necessity for a household member.

Step I: The amount available for Loan Repayment is Step G (income available for housing) minus Step H (monthly housing costs).

*** Ability-to-pay may be reviewed on an annual basis. It must be recalculated if the composition of the household changes or if requested by the beneficiary, and the monthly payment toward the loan payment adjusted accordingly.**

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ABILITY-TO-PAY WORKSHEET Homeowners Only

Step A: Gross Household Income: \$ _____ (A)

Step B: (-) Dependents \$ _____ (B)

\$480 for each dependent under the age of 18 years old.
Do not include head of household or spouse.

Step C: (-) Elderly \$ _____ (C)

\$400 *per* elderly FAMILY (age 62 years and older).

Step D: (-) Other Deductibles \$ _____ (D)

Include documented, out-of pocket medical expenses in excess of three (3%) of annual income.

Step E: A- (B+C+D) = Adjusted Gross Income (AGI) \$ _____ (E)

Step F: Monthly Income (AGI/12) \$ _____ (F)

Step G: Income Available for Housing \$ _____ (G)

(Monthly Income of Homeowners x .25)

Step H: Monthly Housing Costs

Mortgage Payment \$ _____

Home Insurance \$ _____

Real Estate Taxes \$ _____

Utility Allowance \$ _____ (gas, electric, heat, water, public sewer & garbage only as applicable to the monthly utility payments)

Total Monthly Housing Costs \$ _____ (H)

Step I: G- H = Amount Available for Loan Repayment \$ _____ (I)

(Minimum \$25.00)

LOAN REPAYMENT WORKSHEET

Step A: Loan Amount (base, exceptions and demolition costs) (A) \$ _____

Step B: Monthly Amount To Fully Amortize Loan (B) \$ _____
(For 0%, 10 years - multiply loan amount by 1/120)

Step C: Client Payment Amount (C) \$ _____
(from Ability to Pay Calculations—line I)

Step D: Monthly Amount Forgiven (D) \$ _____
Subtract (C) from (B) = (D)

Step E:

If (B) is greater than (C): (C) is the monthly payment from client;
(D) is the monthly loan amount forgiven;

BUT

If (C) is greater than (B): nothing is forgiven and
(B) is the monthly payment from client;

Notes: