

ASSET TEST WORKSHEET

This Worksheet must be completed for loans where the borrower(s) have assets (including liquid assets) and: equity in the home – difference between the appraised value and the purchase price in a non-arm's length transaction in a tax-exempt transaction; or, equity in the home – difference between the appraised value and the loan amount – in a taxable transaction) and that are equal to 20 percent or more of the sales price.

The lender will complete the asset test worksheet and submit to CDA for review regardless of a PASS or FAIL result. CDA Management will approve/deny or consider for an exception based on Section 2.9-B & 2.9-E of the lender manual.

See Asset Test Procedure in the MMP Lender's Manual.

Name of Borrower(s): Reservation No:

1. Purchase Price of Property or Appraised Value of Property, in non-arm's length transaction in a tax-exempt transaction or if taxable transaction \$
2. Add total of all closing costs to be paid by borrower +
3. Total of lines 1 and 2 \$
4. Subtract total of borrowers' assets -
5. Hypothetical loan amount \$
6. Monthly affordability income (income used to underwrite loan for affordability, **not** eligibility income) of borrower(s) \$
7. Calculate 28% of income on line 6 (maximum housing expense to income ratio) \$
8. Calculate 36% of income on line 6 (maximum total debt to income ratio) \$
9. Current Asset Test Interest Rate (published on the daily Interest Rates email, or available via email at singlefamilyhousing.dhcd@maryland.gov. Ask for the asset test interest rate for the applicable reservation date and if the program is government or conventional.) \$

10. Calculate:

- (a) Mortgage principal and interest payment using interest rate from line 9 and hypothetical loan amount from line 5 \$
- (b) Add monthly escrow for:
 - Property taxes +
 - Hazard insurance premium +
 - Mortgage insurance premium (only if LTV exceeds 80.0%) +
 - Ground rent, if applicable +
 - Other: +
- (c) Total housing expense payment [lines 10(a) + 10(b)] \$

11. Calculate total debt payment (mortgage payment plus long-term debts – 10 months or more of payments remaining:

(a) Total housing expense from line (10(c)) \$

(b) Add long-term debts (describe):

<input type="text"/>	\$ <input type="text"/>

(c) Total debt payment [lines 11 (a) + 11 (b)] \$

12. Compare line 7 with 10(c), and line 8 with line 11(c). If line 7 is **less** than line 10(c) OR line 8 is **less** than line 11(c), borrower(s) are eligible for MMP financing. Write “eligible” in blank at right and sign/date this form.

THIS FORM MUST BE INCLUDED IN THE PRE-CLOSING COMPLIANCE PACKAGE SUBMITTED TO SINGLE FAMILY HOUSING (SFH).

** SUBMIT TO CDA MANAGEMENT FOR ALL INELIGIBLE RESULTS FOR POSSIBLE EXCEPTION **

Any exercise of the exception to the asset test must be pre-approved by SFH. Forward this worksheet to SFH's Pre-Closing Compliance Section.

Signature of Lender's Authorized Representative

Date

---DO NOT WRITE BELOW – SINGLE FAMILY HOUSING USE ONLY---

Documentation to exercise exception to asset test has been received and reviewed. Exception is:

____ Approved _____ Disapproved

Explanation of decision: _____

SFH Loan Underwriter _____ Date _____