

Real Estate Evaluation Worksheet Instruction

Purpose: Use this form to determine an applicant's/resident's income derived from real estate assets.

Specific Instructions:

1. Enter name of property and unit number.
2. Enter applicant's/resident's name.
3. The value of the real estate should be entered here. This figure could be the selling price (if the property is up for sale), the tax assessors assessed value for taxation purposes, or the appraised value.
4. If there is an outstanding lien, such as a deed of trust or mortgage against the property, the balance owing, as reflected on a statement from lien holder, goes here.
5. Enter balance of second deed of trust, if applicable.
6. Enter 10% of value for selling cost. To arrive at this figure multiply the value of the real estate by 10%.
7. Enter any other deductions for additional liens, or buy-in or entrance fee to life-care facility (a statement will need to be obtained from resident). A letter is required from the life-care facility to verify the entrance fee.
8. Enter the balance after deducting items 4 through 7. You then multiply by HUD passbook rate.* There may be instances where your calculation will show a negative amount. This is acceptable. It basically means they are not realizing any funds from real estate and therefore have nothing to value.

* **Note:** When this form was updated, HUD's current passbook rate was 2%. Check our website for rate changes.

REAL ESTATE EVALUATION WORKSHEET

Property Name: (1) Unit: (1)

Applicant/Resident Name: (2)

	Current value of real estate	<u> (3) </u>
	Minus mortgage owing	<u> (4) </u>
	Minus second mortgage/deed of trust	<u> (5) </u>
	Minus 10% selling costs (based on value)	<u> (6) </u>
	Minus other (explain)	<u> (7) </u>
	Minus other (explain)	<u> (7) </u>
	Equals amount to be valued as an asset	= <u> (8) </u>

If real estate is rented, you will need to obtain a copy of the resident's signed federal tax return complete with all schedules as well as a copy of the rental agreement.

If real estate was sold on contract, you will need to obtain a copy of the contract and determine whether there is an underlying mortgage and if so, the interest rate. This information will determine which method you will use for figuring income. The easiest method is to obtain a copy of their signed federal tax return with all schedules.

If real estate is currently listed for sale, obtain a copy of the listing agreement. If the sale is pending, obtain a copy of the RESPA statement, which will reflect the net proceeds. If the transaction has closed recently, request a HUD -1 Settlement Statement.