

INCOME PRODUCING PROPERTY GUIDE

Step 1: Determine the equity value of income producing property based on the tax value:

Tax value of property: _____
Subtract encumbrances: _____
Equity value: _____

Step 2: Determine if the a/r is ineligible based on countable resources, regardless of the 6% income test.

From the equity of income producing property subtract the \$6,000
income producing property exclusion: _____ \$6,000.00

Property value after \$6,000 deduction: _____

Add the value of other countable resources: _____

Value of total countable resources (after the \$6,000 exclusion): _____

If total countable resources (after the \$6,000 exclusion) exceed the resource limit, the a/r is ineligible due to excess resources. Proceed no further. Notify the a/r of the excess resources and the right to rebut the value/reduce countable resources.

If the total countable resources (after the \$6,000 exclusion), does not exceed the resource limit, proceed with the 6% income test.

Step 3: Determine the equity value for the 6% income test. (Equity value for the 6% income test is based on the present use value if assigned.)

Present use value, if assigned, or tax value of property: _____

Subtract encumbrances: _____

Equity value for the 6% income test: _____

Multiply by .06: _____ X _____ .06

6% of equity to meet the 6% income test: _____

Step 4: Determine net annual income.

Gross monthly/quarterly/annual income: _____

Multiply by the number of payments per year.
Monthly x 12, quarterly x 4, annually x 1: _____ X _____

Gross annual income: _____

Subtract annual property taxes paid by client: _____

Subtract insurance paid by client: _____

Subtract interest on mortgage payments paid by client: _____

Subtract other operational expenses (repairs, labor, etc)
paid by client: _____

Net countable annual income: _____

Step 5: If net countable annual income in Step 4 is equal to or greater than 6% of equity to meet the income test determined in Step 3, exclude \$6,000 of equity in income producing property.