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.