

# ***Emergency Homeowners' Loan Program (EHLP) Eligibility Determination Checklist***

**Revised hand-calculated worksheet instructions – 8/31/11**

## **Pre-Event Income**

Pre-Event Income is required to be the income from a time prior to unemployment or underemployment. To calculate this, HUD has determined that **if a borrower became unemployed or underemployed in 2010 or 2011, that pre-event income is based on 2009 Adjusted Gross Income** of all persons listed on the mortgage.

**If the borrower became unemployed in 2009, use the 2008 Adjusted Gross Income** of all persons listed on the mortgage.

Pre-Applicants who became unemployed or underemployed **prior to January 1, 2009** are not eligible for EHLP emergency assistance.

## **Current Income Definition**

When calculating current income please read the most recent FAQ's - and use the charts on the following page to help determine the correct current income calculation.

## **Likelihood of Repayment (Step 3)**

Step 3 is a required calculation (pre-event DTI using today's debts) when the borrower had more than one (1) 60-day late on either their first or second (if applicable) mortgage. In the calculation, it refers to looking at the credit report for late payments that occurred during calendar years 2009 and 2010.

This has been revised to require a look for 60-day late payments in 12-month calendar year previous to the year in which the unemployment or underemployment event occurred. Please substitute this language when completing Step 3, and consult the most recent FAQ's.

### Weekly Pay Periods

For example: If weekly, sum the four pay stubs (covering the 4 weeks), multiply times 13 and divide by 12

Week	Amount
1	\$500
2	\$500
3	\$350
4	\$250
Total for 4 weeks	\$1,600

$$\$1,600 \times 13 = \$20,800$$

$$\$20,800 \div 12 = \$1,733.00 \text{ per month}$$

### Bi-Weekly Pay Periods

If bi-weekly pay stubs, (every other Friday, for example) sum the two pay stubs (covering 4 weeks), multiply times 13, and divide by 12.

Week	Amount
1 <sup>st</sup> Friday	
2 <sup>nd</sup> Friday	\$1,000
3 <sup>rd</sup> Friday	
4 <sup>th</sup> Friday	\$1,000
Total for 4 weeks	\$2,000

$$\$2,000 \times 13 = \$26,000$$

$$\$26,000 \div 12 = \$2,166.66 \text{ per month}$$

### Bi-Monthly Pay Periods

If bi-monthly pay stubs, (on the 15<sup>th</sup> and the 30<sup>th</sup>) sum the two pay stubs (covering one full month), multiply by 12 and divide by 12.

Week	Amount
15 <sup>th</sup>	\$1,000
30 <sup>th</sup>	\$1,000
Total for one month	\$2,000

$$\$2,000 \times 12 = \$24,000$$

$$\$24,000 \div 12 = \$2,000.00 \text{ per month}$$

### Monthly Pay Periods

If monthly pay stubs, record monthly amount – (multiply times 12, and divide by 12)

Week	Amount
1	
2	
3	
End of Month	\$2,000
Total for one month	\$2,000

$$\$2,000 \times 12 = \$24,000$$

$$\$24,000 \div 12 = \$2,000.00 \text{ per month}$$

# Emergency Homeowners' Loan Program (EHLP) Eligibility Determination Checklist

Pre-Applicant Name: \_\_\_\_\_ Date File Reviewed: \_\_\_\_\_

## 1. Income Eligibility?

Utilizing the combined Pre-Event Adjusted Gross Income on the 2009 (or 2008 if warranted) federal income tax return(s): Is the combined gross income of all borrowers named on the first mortgage loan documents below \$75,000 or 120% of area median income (AMI)?

**See FAQ's for revised guidance on how to calculate different types of income.**

- 2009 and 2010 Tax Returns (IRS 1040, 1040A, or 1040EZ Tax Return(s), only first two pages, for all persons listed on the mortgage, OR 2008 Tax Return (same pages) if unemployment or underemployment occurred in 2009.
- IRS Form 4506-T signed by each mortgagee named on first lien
- Documentation of current income for all persons listed on the mortgage, (any of the following):
  - Pay Stubs or public assistance check stubs capturing the most recent month or four weeks
  - Unemployment check stubs for the most recent month or four weeks (if any);
  - Disability/SSI check stubs for the most recent month or four weeks (if any);
  - Pension check stubs for the most recent month or four weeks (if any);

Is the Applicant's Pre-Event AGI less than the program limits?  
(\$75,000 or 120% of Area Median Income)

YES  NO

IF NO, Pre-Applicant is INELIGIBLE

Pre-Applicant's Pre-Event Adjusted Gross Income (Line #37 on 1040 or line #4 on 1040EZ)	(A)	_____
120% of Area Median Income (AMI) (HUD Definition for Household of 4)	(B)	_____
EHLP Maximum Qualifying Income	(C)	_____
Is (A) less than or equal to either (B) or (C)?	YES	NO

**2. Substantial Reduction in Income Calculation:**

Has there been at least a 15% drop in income from either the Current Income or 2010 Adjusted Gross Income compared to the Pre-Event Income?

*Does either Line (H) or Line (M) represent at least a 15% loss of income? ("At least" means equal to or greater than 15%)*

YES  NO

IF NO, Pre-Applicant is INELIGIBLE

**TIP: Pre-Event Income** is required to be the income from a time prior to unemployment or underemployment. To calculate this, if a borrower became unemployed or underemployed in 2010 or 2011, that pre-event income is based on 2009 AGI. If the borrower became unemployed in 2009, use the 2008 AGI of all persons listed on the mortgage. Pre-Applicants who became unemployed or underemployed prior to 1/1/09 are not eligible for EHLP.

Pre-Applicant's Current Annual Income (Annualize current income from all Co-Signors/Co-Mortgagors named)	(A) _____
Pre-Applicant's Pre-event Adjusted Gross Income (Line #37 on 1040 or line #4 on 1040EZ)	(B) _____
Pre-Applicant's 2010 Adjusted Gross Income (Line #37 on 1040 or line #4 on 1040EZ)	(C) _____
Enter Line (B) from above, the Pre-event AGI	(D) _____
Enter Line (A) from above, the Current Income	(E) _____
Enter the result of Line (D) minus Line (E)	(F) _____
Enter Line (D) from above	(G) _____
Divide Line (F) by Line (G) – enter the resultant percentage loss of income from Current Income compared to Pre-event AGI	(H) _____
Enter Line (B) from above, the Pre-event AGI	(I) _____
Enter Line (C) from above, the 2010 AGI	(J) _____
Enter the result of Line (I) minus Line (J)	(K) _____
Enter Line (I) from above	(L) _____
Divide Line (K) by Line (L) – enter the resultant percentage loss of income from 2010 AGI compared to Pre-event AGI	(M) _____
Is either the percentage loss of Income shown on Line (H) or (M) at least 15%? YES NO	

**3. Is there a Reasonable Likelihood of Resumption of Payment?**

*Is there more than one 60-day mortgage late on the 1<sup>st</sup> lien during the 12 month calendar year prior to the unemployment/underemployment event?*

– AND –

*If there is a 2nd lien, is there more than one 60-day mortgage late on the 2nd lien during the same time period?*

YES  NO

IF NO, proceed to #4 below.

If YES:

Are the current debts Less than or Equal to .55 or 55% of Pre-Event Adjusted Gross Income?

YES  NO

IF NO, Pre-Applicant is INELIGIBLE

Pre-Applicant's Pre-Event Adjusted Gross Income (Annualize all income from all Co-Mortgagors named)	(A) _____
Divide (A) by 12 to calculate monthly Income	(B) _____
Insert Pre-Applicant's total debts from credit report include 1 <sup>st</sup> , 2 <sup>nd</sup> , revolving and > 10 mos. installment debt	(C) _____
Divide (C) by (B)	(D) _____
Is the DTI based on Pre-Event Income Less than or equal to 55%? YES NO	

#### **4. Mortgage Cost Burden Calculation:**

The Pre-Applicant must be financially unable to sustain their current mortgage payment. They must demonstrate that their monthly mortgage payment is greater than 31% of their current monthly income. However, their contribution to the monthly mortgage payment cannot be less than \$150, regardless of how low their income is.

**Does line (D) exceed line (C)?**

YES  NO

If NO, Pre-Applicant is INELIGIBLE

If YES, is line (C) equal to or greater than \$150?

YES  NO

If YES, Proceed to Question 5

If NO, Inform Pre-Applicant of Minimum \$150 Required Payment and Proceed to Question 5

Current Income (Annualize current income from all Co-Signors/Co-Mortgagors named)	(A) _____
Divide (A) by 12 to calculate monthly Income	(B) _____
Multiply (B) by .31 or 31%	(C) _____
Insert Pre-Applicant's current Mortgage Payment	(D) _____
Does (D) exceed (C)?	YES                  NO
Is (C) greater than \$150? (If no, Pre-Applicant must be willing/able to contribute a minimum \$150 to the Mtg Pmt.) (Note: A hardship exemption to the Minimum \$150 rule can be requested after closing)	YES                  NO

#### **5. Unemployment or Underemployment Determination:**

*Does the letter from employer indicate termination (not for cause) or wage decrease in 2009, 2010, 2011. If Self-employed or the former employer is out of business unwilling to provide this information, is there an affidavit indicating similar circumstances? Was there a medical emergency that led to termination or decrease in wages/salary and if so, is there documentation or an affidavit?*

**Please provide one of the following:**

- Written notification from the Pre-Applicant's most recent employer indicating termination from their position, or a change in employment status that reduced work hours and/or income.
- If Pre-Applicant was self-employed or earned 1099 income, they must complete and sign the applicable unemployment affidavit in lieu of providing the letter described above.
- If Pre-Applicant(s) were terminated and former employer is no longer in business or refuses to provide Pre-Applicant with a termination letter, they must sign and complete the applicable unemployment affidavit in lieu of providing the letter described above.

**Has at least one of the above described documents been provided, does it indicate termination was not for cause and does it demonstrate a decrease in wages during 2009, 2010, 2011.**

YES  NO

If NO, Pre-Applicant is INELIGIBLE

Pre-Applicant's Pre-Event Adjusted Gross Income (Annualize all income from all Co-Mortgagors named)	(A) _____
Divide (A) by 12 to calculate monthly Income	(B) _____
Insert Pre-Applicant's total debts from credit report include 1 <sup>st</sup> , 2 <sup>nd</sup> , revolving and > 10 mos. installment debt	(C) _____
Divide (C) by (B)	(D) _____
Is the DTI based on Pre-Event Income Less than or equal to 55%?	YES                  NO

**6. Principal Residence Verification:**

*Does the utility bill match the mortgage statement address?*

- Do you have the most recent/current residential utility bill?
- Do you have the most recent/current mortgage statement?

YES  NO

IF NO, Pre-Applicant is INELIGIBLE

**7. Delinquent Mortgage Payments and Likelihood of Foreclosure Determination:**

*Is there a "Breach" or "Acceleration" letter from 1st lien servicer indicating the first lien is 60 days or more delinquent, AND does the credit report show 3 months or more delinquent as of June 1, 2011?*

- Letter from mortgage lender stating the homeowner is at least two months late and at risk for foreclosure

YES  NO

IF NO, Pre-Applicant is INELIGIBLE

**8. Delinquent on Federal Debt Determination:**

*Is there any delinquent federal debt, on the credit report?*

YES  NO

IF YES, Pre-Applicant is INELIGIBLE

*Is there any delinquent student loan on the credit report?*

YES  NO

IF YES, Pre-Applicant Must Have Deferment or Forbearance Prior To Submission to Fiscal Agent

**9. Bankruptcy Status?**

*Does the credit report indicate any borrowers are currently discharging any personal and/or business-related Chapters 7, 11 or 13 Bankruptcy's?*

- Has a credit report been pulled and reviewed? (Tri-Merged is recommended, Single required)

YES  NO

IF YES, Pre-Applicant is INELIGIBLE

**10. Property Flood Insurance (where applicable):**

*Is there evidence of flood insurance if Pre-Applicant states they are in 100-year flood zone?*

- Copy of flood insurance policy demonstrating coverage (as applicable)

YES  NO

IF YES, Flood Insurance Must Be Provided or Obtained Prior To Submission to Fiscal Agent

**11. Citizenship Status/Eligible Immigrant Determination:**

Does the documentation provided show proof of citizenship or qualified alien status?

- Citizenship documentation for United States citizens, United States non-citizen nationals, or “qualified alien” can include:
  - A birth certificate; or
  - Passport; or
  - is there another document confirming status? \_\_\_\_\_

YES  NO

IF NO, Pre-Applicant is INELIGIBLE

**12. Program Contribution Calculation:**

**Part A:**

Is the total Assistance less than or equal to \$50,000 (based on **24 months** of assistance? - See **Line L**)

YES  NO

If YES, Skip Part B-Proceed to Question 13

If NO, Complete Part B, below

**Part B:**

Is the Assistance less than or equal to \$50,000 (based on **12 months** of Assistance - See **Line R**)

YES  NO

If YES, Proceed to Question 13

If NO, Pre-Applicant is INELIGIBLE

<u>Part (A)</u>	
Pre-Applicant’s Current Annual Income (Annualize all income from all Co-Mortgagors named)	(A) _____
Divide (A) by 12 to calculate monthly Income	(B) _____
Multiply (B) by .31 or 31%. This is borrower’s contribution	(C) _____
Insert Pre-Applicant’s current 1 <sup>st</sup> Mortgage Payment	(D) _____
Subtract (C) from (D). <b>This is the monthly EHL P Assistance Payment</b>	(E) _____
Insert Second Mortgage Payment (if applicable)	(F) _____
Add (E) and (F). This is the revised monthly EHL P Assistance Payment	(G) _____
Multiply (G) by 22 months	(H) _____
Insert One full first mortgage payment	(I) _____
Insert arrearages to bring current	(J) _____
Insert foreclosure costs (do not exceed state max)	(K) _____
Add (H), (I), (J) and (K). Total EHL P Assistance required.	(L) _____
Is (L) less than \$50,000?	YES                      NO
<u>If NO, complete Part (B) below for revised assistance over 12 months.</u>	
<u>Part (B)</u>	
Revised monthly EHL P assistance payment Line (G)	(M) _____
Multiply (G) by 10 months	(N) _____
Insert One full first mortgage payment	(O) _____
Insert arrearages to bring current	(P) _____
Insert foreclosure costs (do not exceed state max)	(Q) _____
Add (H), (I), (J) and (K). Total EHL P Assistance required.	(R) _____
Is (R) less than \$50,000?	YES                      NO

**13. Do you have All documents in hand or obtainable before deadline?**

YES  NO

If NO, Pre-Applicant is INELIGIBLE.

**14. Final Determination**

**Is Applicant Eligible for EHLP Mortgage Assistance?**

(Based on initial calculations utilizing this Manual Worksheet, Checklist and Review prior to input and submission into Hope LoanPort - HLP.)

YES  NO

## Duplicate Worksheets

### Step 1

Pre-Applicant's Pre-Event Adjusted Gross Income (Line #37 on 1040 or line #4 on 1040EZ)	(A) _____
120% of Area Median Income (AMI) (HUD Definition for Household of 4)	(B) _____
EHLP Maximum Qualifying Income	(C) _____
Is (A) less than or equal to either (B) or (C)?	YES                      NO

### Step 2

Pre-Applicant's Current Annual Income (Annualize current income from all Co-Signors/Co-Mortgagors named)	(A) _____
Pre-Applicant's Pre-event Adjusted Gross Income (Line #37 on 1040 or line #4 on 1040EZ)	(B) _____
Pre-Applicant's 2010 Adjusted Gross Income (Line #37 on 1040 or line #4 on 1040EZ)	(C) _____
----- Enter Line (B) from above, the Pre-event AGI	(D) _____
Enter Line (A) from above, the Current Income	(E) _____
Enter the result of Line (D) minus Line (E)	(F) _____
Enter Line (D) from above	(G) _____
Divide Line (F) by Line (G) – enter the resultant percentage loss of income from Current Income compared to Pre-event AGI	(H) _____
----- Enter Line (B) from above, the Pre-event AGI	(I) _____
Enter Line (C) from above, the 2010 AGI	(J) _____
Enter the result of Line (I) minus Line (J)	(K) _____
Enter Line (I) from above	(L) _____
Divide Line (K) by Line (L) – enter the resultant percentage loss of income from 2010 AGI compared to Pre-event AGI	(M) _____
Is either the percentage loss of Income shown on Line (H) or (M) at least 15%?    YES                      NO	

### Step 3

Pre-Applicant's Pre-Event Adjusted Gross Income (Annualize all income from all Co-Mortgagors named)	(A) _____
Divide (A) by 12 to calculate monthly Income	(B) _____
Insert Pre-Applicant's total debts from credit report include 1 <sup>st</sup> , 2 <sup>nd</sup> , revolving and > 10 mos. installment debt	(C) _____
Divide (C) by (B)	(D) _____
Is the DTI based on Pre-Event Income Less than or equal to 55%?	YES      NO

### Step 4

Current Income (Annualize current income from all Co-Signors/Co-Mortgagors named)	(A) _____
Divide (A) by 12 to calculate monthly Income	(B) _____
Multiply (B) by .31 or 31%	(C) _____
Insert Pre-Applicant's current Mortgage Payment	(D) _____
Does (D) exceed (C)?	YES      NO
Is (C) greater than \$150?	YES      NO
(If no, Pre-Applicant must be willing/able to contribute a minimum \$150 to the Mtg Pmt.) (Note: A hardship exemption to the Minimum \$150 rule can be requested after closing)	

**Step 5**

**Part (A)**

Pre-Applicant's Current Annual Income (A) \_\_\_\_\_  
(Annualize all income from all Co-Mortgagors named)

Divide (A) by 12 to calculate monthly Income (B) \_\_\_\_\_

Multiply (B) by .31 or 31%. This is borrower's contribution (C) \_\_\_\_\_

Insert Pre-Applicant's current 1<sup>st</sup> Mortgage Payment (D) \_\_\_\_\_

Subtract (C) from (D). **This is the monthly EHLPAssistance Payment** (E) \_\_\_\_\_

Insert Second Mortgage Payment (if applicable) (F) \_\_\_\_\_

Add (E) and (F). This is the revised monthly EHLPAssistance Payment (G) \_\_\_\_\_

Multiply (G) by 22 months (H) \_\_\_\_\_

Insert One full first mortgage payment (I) \_\_\_\_\_

Insert arrearages to bring current (J) \_\_\_\_\_

Insert foreclosure costs (do not exceed state max) (K) \_\_\_\_\_

Add (H), (I), (J) and (K). Total EHLPAssistance required. (L) \_\_\_\_\_

Is (L) less than \$50,000? YES NO

If NO, complete Part (B) below for revised assistance over 12 months.

**Part (B)**

Revised monthly EHLPAssistance payment Line (G) (M) \_\_\_\_\_

Multiply (G) by 10 months (N) \_\_\_\_\_

Insert One full first mortgage payment (O) \_\_\_\_\_

Insert arrearages to bring current (P) \_\_\_\_\_

Insert foreclosure costs (do not exceed state max) (Q) \_\_\_\_\_

Add (H), (I), (J) and (K). Total EHLPAssistance required. (R) \_\_\_\_\_

Is (R) less than \$50,000? YES NO

## Income Trigger Calculations

### Income Decrease Trigger Calculation Test #1

Borrower's Current Monthly Income (A) \_\_\_\_\_

Multiply Line (A) by .80 or 80% (B) \_\_\_\_\_

*Line (B) represents 80% of current monthly income, or a 20% decrease in income. If the Borrower's income falls below this figure, borrower may report decreased income to the counseling agency for assistance re-examination per Program Guidelines.*

### Income Increase Trigger Calculation Test #2

Borrower's Current Monthly Income (A) \_\_\_\_\_

Add \$750 (B) \_\_\_\_\_

Add (A) plus (B) (C) \_\_\_\_\_

Borrower's Pre-Event Income (D) \_\_\_\_\_

Multiply line (D) by .86 or 86% (E) \_\_\_\_\_

Enter the Lesser of Line (C) or Line (E) (F) \_\_\_\_\_

*If the Borrower's income exceeds line (F) they must report the increase to the counseling agency and EHLP Assistance may be re-examined, or terminated*