

FORMAT ONLY - TO BE
REPRODUCED LOCALLY

FORMAT FOR COMPUTING TERM AND PRINCIPAL AND INTEREST
PAYMENT FOR PROJECTS IN OLDER, DECLINING NEIGHBORHOODS

TO DETERMINE WHETHER REDUCED TERM IS REQUIRED:

- Step 1. Determine the annual debt service based on the indicated maximum mortgage amount..... \$ _____
- Step 2. Divide annual debt service by net income..... _____
- Step 3. If the percentage from Step 2 is 65% or higher, no further action is required. If the percentage is less than 65%, the following action is required.
 - A. Multiply the net projected net amount by 65%.....\$ _____
 - B. Compare the product from A with the annual projected debt service. If 65% of the net income is higher, divide the product from A by the mortgage amount..... _____
 - C. Find the quotient from B using the Annual Debt Service Rates chart shown at Appendix
 - D. The indicated term is _____
 - E. Principal and interest payment.....\$ _____
Because of the possible unusual term of this figure, it may be difficult to determine. Lenders may call the local HUD office for assistance, if needed.
 - F. Record this information in the "Remarks" Section of the Form HUD-92264A.