



QUIZZLE | JUNE 2016

As we check our bank accounts to budget for summer vacation, we are reminded of the many types of assets in the affordable housing world. This month's questions will focus on some of these assets.

ANSWERS

What portion of a whole life insurance policy is considered an asset?

- a. The face value of the policy.
- b. The cash value of the policy available to the individual before death.**
- c. The yearly premiums made on the policy.
- d. The interest rate times the face value of the policy.

An applicant drives a 1968 Chevy Camaro to your property to apply for an apartment. How do we handle the vehicle as an asset?

- a. Calculate the percentage of time that the vehicle is NOT driven and then multiply that percentage by the cash value to determine how much is counted as an asset.
- b. The market value of the vehicle is counted since it is considered a classic car.
- c. Even though it is a classic car, it is not counted as an asset because it is used on a regular basis and not held for investment purposes.**
- d. Look up the vehicle's value on the Internet and use the resale value.

What is the correct method in determining rental income for a home that includes a mortgage loan?

- a. Count only the monthly payments received for the next twelve months.
- b. Count the total annual rental payments, minus the yearly mortgage interest payments.
- c. Determine the annual rent payments and subtract the yearly mortgage interest payments, as well as any costs to maintain the home.**
- d. None of the above.

The Manager at Pinewood Heights Apartments submitted an asset verification form to the local bank for an applicant's checking account. The completed verification form that was returned showed four additional accounts with the applicant listed as "joint owner or beneficiary". How do you handle this?

- a. Count all of the assets to determine asset income because it is the most restrictive.
- b. Get a self-affidavit from applicant that they don't know about the accounts.
- c. Verify whether or not the applicant has access to each account and the percentage of ownership in each. Only count the accounts and portions the applicant actually owns.**
- d. Obtain a self-affidavit from the applicant; count half of each account's value.

An applicant just finalized his divorce and is applying at your property. He lists that he previously owned the home that he lived in, but lost it in the divorce. How is the disposal of the house handled?

- a. Half of the cash value of the real estate must be counted as an asset.
- b. The applicant can deduct the amount of his loss from his income.
- c. Count as an asset disposed of for less than fair market value.
- d. Do not count assets lost in foreclosure, bankruptcy, divorce or separation settlements.**