

Realtors, Lenders,

Following is an explanation for determining assistance showing the relationship of the first mortgage, the Town's assistance and the total amount that the homebuyer has to work with.

Another view at assistance calculation. Say we play 'Jeopardy'.

The Final Jeopardy answer is \$163,636.

Questions: What is 55% of 163,636? \$90,000, also the amount buyer has qualified for with the first mortgage.

What is 45% of 163,636? \$73,636, also the amount the Town will assist the buyer if we are assisting at the 45% level.

The relationship exists between multiplying the Final Jeopardy answer by either percentage to find the dollar amount equal to that percentage. Since you can multiply the Final Jeopardy number by either percentage, you can also divide either dollar amount by its percentage rate to determine the Final Jeopardy amount (the total amount available for purchase price and closing costs).

So, $163,636 \times .55 = 90,000$ and $163,636 \times .45 = 73,636$

And $90,000 / .55 = 163,636$ and $73,636 / .45 = 163,636$

The numbers you will best know up front is the qualifying amount for the first mortgage (determined by lender) and percent of assistance to be provided by Town (30%, 45%, 60%), based on income group.

Thus, Qualifying amount for first mortgage (\$90,000) divided by first mortgage percentage of assistance (100% - 45% = 55%) equals Final Jeopardy answer.

When determining the top price range the homebuyer can consider, be sure to back out the estimated closing costs and commissions.

Let me know if this makes it any clearer. If not, please contact me.

Thanks,

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