

## **Appendix G:**

### **IDA Asset Cost Due Diligence Worksheets**

Here are individual work sheets for each asset goal: home ownership, business, and education. The sheets will help you organize available information on the actual cost of the assets in your own community. You may find that a particular asset goal, such as homeownership, may not be realistic for the population you plan to target, or you may find there are additional resources to complement the AFI project funds and participant savings that make an asset purchase possible. You may also find that if your own organization lacks experience in an asset area, that there are many other sources from which to gather information that will be useful, not only in estimating actual purchase costs but also in developing policies and procedures to support your participants on whichever path they choose to travel.

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# IDA ASSET COST DUE DILIGENCE WORK SHEETS

## Asset Goal: Home Ownership

1. Estimate the approximate selling price of homes in your community.

	<i>Estimate cost according to...</i>		
	local affordable homeownership program	local real estate professional	review of real estate ads in local newspaper
For a family of two (# of bedrooms?____)	\$	\$	\$
For a family of three (# of bedrooms?____)	\$	\$	\$
For a family of four (# of bedrooms?____)	\$	\$	\$

2. Estimate the size of a typical down payment (as a percentage of a home's selling price).

	<i>Estimate down payment % required according to...</i>		
	a commercial bank or mortgage company	a community development credit union	a local affordable homeownership program
With <i>excellent</i> credit	%	%	%
With <i>average</i> credit	%	%	%
With <i>marginal</i> credit	%	%	%

**3. Estimate typical closing costs involved in purchasing a home in your community.**

	<i>Estimate according to...</i>		
	a commercial bank or mortgage company	a community development credit union	a local affordable homeownership program
Home inspection	\$	\$	\$
Attorney's fees	\$	\$	\$
Title Fees	\$	\$	\$
Lending Fees	\$ -or- %of loan:	\$ -or- %of loan:	\$ -or- %of loan:
Insurance Deposit	\$	\$	\$
Other	\$	\$	\$
<i>Total:</i>			

**4. Estimate the value of homebuyer grants, subsidies or other programs in your community.**

		<i>Potential home buyers' grants or subsidies according to...</i>		
		bank, credit union or mortgage company	Federal, state or local government agency	affordable homeownership program
Reduced down payment requirement	<i>program name</i>			
	<i>required down</i>	%	%	-
	<i>who's eligible</i>			
Subsidies or reduced mortgage rate	<i>program name</i>			
	<i>subsidized rate</i>	%	%	-
	<i>who's eligible</i>			
Grants or down payment assistance	<i>program name</i>			
	<i>assistance amount</i>	\$	\$	\$
	<i>who's eligible</i>			
Other programs	<i>program name</i>			
	<i>description</i>			
	<i>who's eligible</i>			

**5. Calculate the total acquisition costs for homes in your community.**

	For a household of two (# of bedrooms? ____)		For a household of three (# of bedrooms? ____)		For a household of four (# of bedrooms? ____)	
Selling Price	\$	\$	\$	\$	\$	\$
x Down payment %	%	%	%	%	%	%
= Down payment \$	\$	\$	\$	\$	\$	\$
Total Closing Costs	\$	\$	\$	\$	\$	\$
Less Grants/Subsidies	(\$ )	(\$ )	(\$ )	(\$ )	(\$ )	(\$ )
Net Acquisition Cost *	\$	\$	\$	\$	\$	\$

\* Net Acquisition Cost = Down Payment + Closing Costs - Grants or Subsidies

**6. Review on-going costs of homeownership that the acquisition costs you've calculated suggest.**

Once you've calculated acquisition costs, it is important to consider the corresponding total mortgage amount (cost of the home less down payment) and monthly mortgage payment in order to see if families in your program would be able to support the on-going costs of homeownership. Consult a financial institution or use a computer spreadsheet (or online mortgage calculators) to estimate monthly payments for mortgages of different sizes. Add home maintenance and utility costs, which should be discussed in home ownership classes offered as part of asset-related training. Factor in taxes and insurance if your mortgage source or calculator does not.

	For household of two		For a household of three		For a household of four	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Selling Price:	\$	\$	\$	\$	\$	\$
Less Down payment	(\$ )	(\$ )	(\$ )	(\$ )	(\$ )	(\$ )
= mortgage payment	\$	\$	\$	\$		
Mortgage rate	%	%	%	%	%	%
Monthly payment on... a 20-year mortgage:	\$	\$	\$	\$	\$	\$
a 30-year mortgage:	\$	\$	\$	\$	\$	\$
Adjustable Rate Mortgages (ARM'S)	\$	\$	\$	\$	\$	\$
Monthly mortgage payment + taxes, insurance, maintenance, utilities	\$	\$	\$	\$	\$	\$

# IDA ASSET COST DUE DILIGENCE WORK SHEETS

## Asset Goal: Education

1. Estimate the cost of postsecondary courses of study, including tuition, fees, and other school-related expenses, and living expenses by calling local schools and vocational training programs.

	<i>Costs to pursue...</i>			
	a 2-year AA degree at a community or junior college <i>specify:</i> (_____)	a 4-year degree at a state college <i>specify:</i> (_____)	postgraduate degree/study at a state college <i>specify:</i> (_____)	a professional or trade credential at a vocational training program <i>specify:</i> (_____)
Tuition and fees	\$	\$	\$	\$
School expenses (books, supplies, etc.)	\$	\$	\$	\$
Estimated living expenses	\$	\$	\$	\$
<b>Total cost</b>	\$	\$	\$	\$

*Note:* AFI generally does not cover living expenses, but factoring in these costs (e.g., childcare, transportation, housing, etc.) while in school will help the participant come to a realistic budget.

2. Estimate available grants, loans (Federal, state, institutional), or other forms of financial aid.

		<i>Available grants or support for...</i>			
		a 2-year AA degree	a 4-year degree	postgraduate degree/study	a professional or trade credential
Aid from individual schools	<i>Grant program</i>				
	<i>Amount</i>	\$	\$	\$	\$
	<i>Eligibility</i>				
State education financing agency	<i>Grant program</i>				
	<i>Amount</i>	\$	\$	\$	\$
	<i>Eligibility</i>				
Federal aid programs	<i>Program</i>				
	<i>Amount</i>	\$	\$	\$	\$
	<i>Eligibility</i>				
Other aid programs	<i>Program</i>				
	<i>Amount</i>	\$	\$	\$	\$
	<i>Eligibility</i>				

*Note:* Participants may quickly learn the amount of Federal aid (grants or loans) for which they are eligible by filing the FAFSA (Free Application for Federal Student Aid). Go to <http://www.studentaid.ed.gov> for the forms and links to advice on the Federal student aid process. Applications should be made several months before enrollment. Don't forget the possibility of employer reimbursement for educational progress. Someone already in default on a student loan may be reinstated for eligibility by entering into a repayment agreement and paying regularly.

**3. Calculate total cost of obtaining postsecondary education.**

	<i>Total net cost to obtain a...</i>			
	a 2-year AA degree per semester	a 4-year degree per semester	postgraduate degree/study per semester	professional or trade credential
Total cost	\$	\$	\$	\$
Less grants/loans	(\$ )	(\$ )	(\$ )	(\$ )
Net cost	\$	\$	\$	\$

*Note:* It may be helpful to work out the above steps in terms of individual semesters or quarters or other enrollment periods, especially for adults interested in vocational training and specific skills linked to job advancement.

**4. Review on-going monthly education loan repayment costs.**

Once you've calculated the cost of obtaining postsecondary education or training, it is important to consider whether IDA participants would be able to support the on-going monthly cost of repaying education loans, if these are part of the overall budget. Consult a financial aid specialist or use a computer spreadsheet (such as the =PMT function in Microsoft Excel) to estimate monthly payments for education loans totaling different amounts. Examine terms of any loans carefully. Predatory lending exists in education as well as in housing.

	<i>Total net cost to obtain a...</i>			
	a 2-year AA degree	a 4-year degree	postgraduate degree/study	professional or trade credential
Total amount borrowed to finance education:	\$	\$	\$	\$
Loan financing rate:	%	%	%	%
Monthly payment on loans with a 10-year term:	\$	\$	\$	\$
Monthly payment on loans with a 15-year term:	\$	\$	\$	\$

What level of income will be necessary to support these monthly loan payments? Can people with degrees or certifications used on your worksheet above find jobs in your community that provide an income of the necessary level and that contribute to higher household net income and self-sufficiency?



**3. Estimate the value of available microenterprise grants or subsidies in your community.**

		Potential microenterprise grants or subsidies according to...		
		local microenterprise program	small business administration lender	bank or community development credit union
Capital grants or cash assistance	<i>program name</i>			
	<i>required down</i>	\$	\$	\$
	<i>eligibility</i>			
Subsidies or reduced rate loans	<i>program name</i>			
	<i>subsidized rate</i>		%	%
	<i>who's eligible</i>			
Other programs*	<i>program name</i>			
	<i>description</i>			
	<i>who's eligible</i>			

\* Do not forget that some jurisdictions have business associations or economic development initiatives that target specific neighborhood or industry sectors.

**4. Estimate the total cost to start up a microenterprise in your community.**

	Service-based business		Manufacturing business		Retail business	
	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Total start-up capital requirement	\$	\$	\$	\$	\$	\$
% of capital needed to qualify for financing	%	%	%	%	%	%
Less Grants/Subsidies	(\$ )	(\$ )	(\$ )	(\$ )	(\$ )	(\$ )
Net start-up Cost *	\$	\$	\$	\$	\$	\$

\* Net start-up Cost = Total Start-up Capital x % of Capital Needed to Qualify for Financing - Grants/Subsidies