

FHA Three- to Four-Unit Rental Income Self-Sufficiency Worksheet

Per FHA Handbook 4000.1

Applicable to all case numbers regardless of the date assigned

Net Self-Sufficiency Rental Income refers to the Rental Income produced by the subject Property over and above the principal, interest, taxes, and insurance. All 3- to 4-unit properties must pass the rental income self-sufficiency test to qualify for a FHA insured mortgage

<u>PITI on subject property</u>	(A)	\$
<u>Net Self-Sufficient Rental Income</u>		
<p>The Net Self-Sufficiency Income consists of: Appraiser's estimate of fair market rent from all units, including the unit the borrower chooses for occupancy, and subtracting the greater of:</p> <ul style="list-style-type: none"> • The Appraiser's Estimate for vacancies and maintenance; or • 25% of the fair market rent. 		
	(B)	\$
<p>PITI (A) divided by the Net Self-Sufficiency Rental Income (B) =</p>		
	(C)	_____ % *

*The percentage from (C) may not exceed 100%. If the percentage does exceed 100%, the loan amount must be lowered until the ratio no longer exceeds 100%.

General Guidelines

The proposed rental income must be documented on the appraisal [Fannie Mae Form 1025/Freddie Mac Form 72](#), Small Residential Income Property Appraisal Report and, if available, the prospective leases.

Reserves- All 3- to 4-unit properties must have three months PITI for reserves verified and documented.

For all 3- to -4 unit properties, the borrowers must execute a [HUD Form HUD-92561, Borrower's Contract With Respect to Hotel and Transient Use of Property](#) at closing. This form certifies with FHA the subject property will not be used for transient or hotel purposes. Transient or hotel purposes is defined as the following:

- Any rental for less than 30 days, or
- Any rental if the occupants of the housing accommodations are provided customary hotel services such as room service for food and beverages, maid service, furnishings and laundering of linen, and bellboy service