

## CALCULATING EQUIVALENT UNITS AND SECTION 523 GRANT FUNDS EARNED

|                                                                                                                        |                    |            |
|------------------------------------------------------------------------------------------------------------------------|--------------------|------------|
| Section 523 Grant Funds (\$300,000 for 12 homes which equals<br>(See 1944.405 for authorized use of Section 523 funds) | \$25,000.00        | per home   |
| Minus Audit Cost Est. = \$3,000 for grant (\$3000/12 homes = \$250 per home )                                          | <u>\$250.00</u>    | audit cost |
| Value of an EU for the purpose of operating the primary self-help program                                              | <b>\$24,750.00</b> |            |

Section 523 grant funds available for (grantee) to operate the self-help program-providing direction coordination and guidance to enable the families to build their homes. Therefore for helping the families build their homes, (grantee) would be allowed \$24,750/home. This means that although the value of one EU for the entire grant is \$25,000, the value of an EU for the purpose of operating the primary self-help program is \$24,750.

E.U.'s are earned as follows:

|                                                                                                                                  |                    |              |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| .1 E.U. is earned for applicant eligibility (.1 X \$24,750)                                                                      | \$2,475            |              |
| .1 E.U. is earned for closed loan (.1 X \$24,750)                                                                                | <u>\$2,475</u>     |              |
| TOTAL earned for eligibility and closed loan for one family                                                                      | \$4,950            | which leaves |
| .8 E.U. grantee is able to earn for guiding the self help program through the construction phases for one family (.8 X \$24,750) | <u>\$19,800.00</u> |              |
| 1 E.U. for eligibility/loan closing and construction                                                                             | \$24,750           |              |

The following is an example of calculating E.U.'s for **two** closed loans where the construction is 60% completed (.8 X 60% = .48 E.U. earned) on one home and 40% completed (.8 X 40% = .32 E.U.earned)on second home :

|                                                                                                                            |                |
|----------------------------------------------------------------------------------------------------------------------------|----------------|
| .2 E.U. earned for eligibility= 2 families X \$2,475                                                                       | \$4,950        |
| .2 E.U. earned for loan closing= 2 families X \$2,475                                                                      | \$4,950        |
| .48 E.U. earned for construction progress on 1st home( .48 X \$24,750)                                                     | \$11,880       |
| .32 E.U. earned for construction progress on 2nd home( .32 X \$24,750)                                                     | <u>\$7,920</u> |
| 1.2 E.U. earned for eligiblity/loan closing and construction activity through the reporting period (\$24,750 x 1.2 E.U.'s) | \$29,700       |

If you have questions please contact:

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