



Appraisal Requirements (cont'd)		
Appraisal Forms	1-unit Property with an ADU	2- to 3-unit Property with an ADU
	<ul style="list-style-type: none"> <li>Form 70 (Uniform Residential Appraisal Report)</li> <li>Form 70D (Uniform Residential Appraisal Report – Desktop), if eligible</li> </ul>	<ul style="list-style-type: none"> <li>Form 72 (Small Residential Income Property Appraisal Report)</li> </ul> <p><b>Note:</b> When Form 72 is utilized for a 2- or 3-unit property with an ADU, the ADU is included as an additional unit.</p>

## Using Rental Income from an ADU on a Subject 1-unit Primary Residence

Topic	Requirements (Guide Section <a href="#">5306.3</a> )									
Transaction Type	<ul style="list-style-type: none"> <li>Purchase</li> <li>No cash-out refinance</li> </ul>									
Rental Income Calculation (Subject 1-unit primary residence with an ADU)	<ul style="list-style-type: none"> <li>Rental income from ADU used for qualifying cannot exceed <b>30%</b> of the <b>total income</b> used to qualify the borrower.</li> </ul> <table border="1"> <thead> <tr> <th>Rental Income Documentation</th> <th>Net Rental Income Calculation*</th> </tr> </thead> <tbody> <tr> <td>Lease</td> <td><b>75%</b> of the gross monthly rent or gross monthly market rent</td> </tr> <tr> <td>ADU rental analysis</td> <td><b>Note:</b> The 25% adjustment is made to compensate for vacancies, operating and maintenance costs and any other unexpected expenses.</td> </tr> <tr> <td>Schedule E</td> <td>Calculate the net rental income from <b>Schedule E</b> using Form 92. Net Rental Income Calculations-Schedule E or a similar alternative form.</td> </tr> </tbody> </table>		Rental Income Documentation	Net Rental Income Calculation*	Lease	<b>75%</b> of the gross monthly rent or gross monthly market rent	ADU rental analysis	<b>Note:</b> The 25% adjustment is made to compensate for vacancies, operating and maintenance costs and any other unexpected expenses.	Schedule E	Calculate the net rental income from <b>Schedule E</b> using Form 92. Net Rental Income Calculations-Schedule E or a similar alternative form.
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