

FHA Standard 203(k)

The Standard 203(k) program is intended to assist homeowners with basic or substantial repairs.

Credit Requirements	Minimum 620 FICO																			
Loan Purpose	Purchase, Rate/Term Refinance																			
Loan Amount	Max \$417,000 (subject to county loan limits) *\$424,100 with case numbers on/after 1/1/2017 *High Limit Area Loans are permitted with a 680 mid score. See guidelines for details.																			
Loan Terms	30 year and 15 year fixed rate terms available																			
LTV	<p>For Purchases, the maximum Loan-to-Value (LTV) is 96.5% based on the lesser of the Nationwide</p> <ul style="list-style-type: none"> ● The Adjusted As-Is value, plus financeable repair and improvement costs, financeable mortgage fees, and financeable contingency reserve; or ● 110 percent of the after-improved value (100% for site condos) <p>For Refinances, the maximum mortgage amount allowed is limited to the lesser of:</p> <ul style="list-style-type: none"> ● The Nationwide Mortgage Limits; ● The existing debt and fees associated with the new mortgage, plus financeable repair and improvement costs, financeable mortgage fees, and financeable contingency reserves, or ● 97.75% of the lesser of: <ul style="list-style-type: none"> ○ The adjusted as-is value, plus financeable repair and improvement costs, financeable mortgage fees, and financeable contingency reserves, or ○ 110% of the after-improved value (100% for site condos) 																			
Appraisals	The appraisal must be ordered as a 203(k), and all bids/cost estimates must be provided to the AMC when the appraisal order is placed. The appraisal should be done with the estimated value "after repaired". The "as is" value must be determined either via appraisal or calculation method as described in the guides. See guidelines for detailed info.																			
Property Types	<p>Eligible:</p> <ul style="list-style-type: none"> ● 1-4 Family properties, PUDs, site condos ● Townhouse/Rowhome ● Log / Dome / Berm homes, Pier foundations, accessory unit dwellings, homes with extreme functional obsolescence (i.e. one bedroom, auxiliary unit). Must be common and typical for the area and have like comps. ● HUD REOs (Property Disposition Sales) are eligible, provided the repairs qualify as eligible work items as outlined in the guides <p>Ineligible: <i>see guidelines for complete list of ineligible properties</i></p>																			
Occupancy	Owner occupied, primary residences only. Non-occupant borrowers not permitted.																			
Eligible Borrowers	Individuals only. There cannot be a relationship in any manner between parties involved (no Identity of Interest), with the exception of sales transactions between family members.																			
Qualifying Ratios	As determined by the AUS* with an Approve/Eligible recommendation. Otherwise, max ratios are 31/43%, which may be exceeded with strong compensating factors. *For loans where borrower's total gross income is < \$2500/mo, max DTI is 45%, regardless of AUS recommendation. If borrower can document 6mos PITI reserves (no gifts), max 50% DTI																			
Gift Funds	Gift funds are permitted - see guidelines for specifics. Cash gifts are not allowed.																			
Mortgage Insurance	Upfront MIP is required on all loans, and must be entirely financed into the mortgage amount or paid entirely in cash. See chart in the guidelines for annual MIP factors.																			
Escrow Waiver	Not permitted.																			
Underwriting	Loan must be submitted to TOTAL Scorecard via DU, using the after-repaired value and the adjusted sales price (sales price + repairs - concessions).																			
Minimum Cash Investment	3.5% is required, which must be all downpayment (with the exception of properties that are eligible for HUD's \$100 Down incentive). See LTV above.																			
Contingency Reserves	<p>For structures with an actual age of less than 30 years:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Minimum</th> <th style="width: 25%; text-align: center;">Maximum</th> </tr> </thead> <tbody> <tr> <td>Required when Evidence of Termite Damage</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">20%</td> </tr> <tr> <td>Discretionary</td> <td style="text-align: center;">No Minimum</td> <td style="text-align: center;">20%</td> </tr> </tbody> </table> <p>For structures with an actual age of 30 years or more:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Minimum</th> <th style="width: 25%; text-align: center;">Maximum</th> </tr> </thead> <tbody> <tr> <td>Required</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">20%</td> </tr> <tr> <td>Required when Utilities are Not Operable as Referenced in the Work Write-Up</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">20%</td> </tr> </tbody> </table>			Minimum	Maximum	Required when Evidence of Termite Damage	10%	20%	Discretionary	No Minimum	20%		Minimum	Maximum	Required	10%	20%	Required when Utilities are Not Operable as Referenced in the Work Write-Up	15%	20%
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Eligible Work Items	The Full 203(k) can be used to finance painting, room additions, decks, and other items, even if the home does not need any other improvements. However, health, safety, and energy conservation items must be addressed prior to completing general home improvements. All rehabilitation construction and/or additions financed with Section 203(k) mortgage proceeds must comply with the guidance regarding required improvements as described in the guides.
Ineligible Work Items	<ul style="list-style-type: none"> ● Luxury items (such as hot tubs, swimming pools, fountains, etc.) ● Purchasing a dwelling on another site, and moving it onto a new foundation on the mortgaged property ● Demolishing or razing a home as a part of the rehabilitation work ● Additions or alterations to support commercial use or to equip or refurbish space for ● Any repair or improvement requiring a work schedule longer than six (6) months ● Any repair that results in work not starting within 30 days of loan closing
Contractors	<p>All contractors must be accepted by MiMutual and provide:</p> <ul style="list-style-type: none"> ● MiMutual's Contractor Acceptance Form, fully completed ● Estimates for work using MiMutual's 203(k) Contractor Proposal (or equivalent) ● Signed and dated W-9 ● Certificate of Liability Insurance ● Copy of license (required unless state does not require contractor licensure) ● Letters of reference (required when no license is available)
Fee Consultant	Prior to the appraisal, a HUD-accepted Fee Consultant must visit the site to ensure compliance with program requirements. <i>The utilities should be turned on for this site review to take place; however, if the home is vacant and the utilities are not on, then a contingency reserve of at least 15% is required.</i> Subsequent required inspections may also be performed by the Fee Consultant.
Architectural Exhibits	<p>The borrower may decide to employ an architect or an independent consultant to prepare the proposal. MiMutual must be provided with the following architectural exhibits that clearly show the scope of work to be accomplished:</p> <p>Plot Plan of the Site Required only if a new addition is being made to the existing structure. It must show the location of the structure(s), walks, drives, streets, and other relevant details. It must also include finished grade elevations at the property corners and building corners, and show the required flood elevation.</p> <p>Proposed Interior Plan of the Dwelling Must show where structural or planning changes are contemplated, including an addition to the dwelling. An existing plan is no longer required.</p> <p>Work Write-Up and Cost Estimate Any format may be used for these documents; however, quantity and the cost of each item must be shown. Also include a complete description of the work for each item (where necessary). The consultant who prepares the work write-up and cost estimate (or an architect, engineering or home inspection service) needs to inspect the property to assure: (1) there are no rodents, dry rot, termites and other infestation; (2) there are no defects that will affect the health and safety of the occupants; (3) the adequacy of the existing structural, heating, plumbing, electrical and roofing systems; and (4) the upgrading of thermal protection (where The consultant must be able to prepare the work write-up and cost estimate <i>without using contractor bids.</i></p>

FOR FURTHER DETAILS, PLEASE REFER TO FHA GUIDELINES (STANDARD 203(k) CHAPTER) ON MIMUTUAL'S WEBSITE