



FHA Limited 203(k)

The Limited 203(k) program is intended to assist homeowners with basic repairs costing from \$5,000 to \$35,000

Credit Requirements	Minimum 580 FICO. Manual underwriting not permitted for loans with mid scores < 640.																
Loan Purpose	Purchase, Rate/Term Refinance																
Loan Amount	Max \$424,100 (subject to county loan limits) <i>*453,100 with case numbers on/after 1/1/2018</i>																
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 Limited 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 a complete list of ineligible collateral</i></p>																
Occupancy	Owner occupied, primary residences only.																
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.																
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;"> <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 style="text-align: center;">Required for All Properties</td> <td style="text-align: center;">10%</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 style="text-align: center;">Required</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">20%</td> </tr> <tr> <td style="text-align: center;">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 for All Properties	10%	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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<p>Eligible Work Items</p>	<ul style="list-style-type: none"> ● Eliminating health and safety hazards that would violate HUD's MPR ● Repair/replacement/upgrade of wells and/or septic systems ● Connecting to public water and sewage systems ● Repair/replacement of plumbing, heating, AC, and electrical systems ● Making changes for improved function and modernization ● Eliminating obsolescence ● Repairing or installing new roofing, provided the structural integrity of the structure will not be impacted by the work being performed; siding; gutters; and downspouts ● Making energy conservation improvements ● Creating accessibility for persons with disabilities ● Installing or repairing fences, walkways, and driveways ● Installing a new refrigerator, cooktop, oven, dishwasher, built-in microwave oven and washer/dryer ● Repairing or removing an in-ground swimming pool ● Installing smoke detectors ● Installing/replacing/repairing exterior decks, patios, and porches <i>*patios and decks must increase the as-is property value equal to the dollar amount spent on the improvements</i> ● Covering lead-based paint stabilization costs (above and beyond what is paid for by HUD when it sells REO properties) if the structure was built before 1978, in accordance with the single family mortgage insurance lead based paint rule and the EPA's Renovation, Repair, and Painting Rule
<p>Ineligible Work Items</p>	<ul style="list-style-type: none"> ● Major rehabilitation or major remodeling, such as the tear down/relocation of a wall ● Converting a one-family structure into a two-, three-, or four-family structure ● Decreasing an existing multi-unit structure to a one- to four-family structure ● Reconstructing a structure that has been or will be demolished ● Repairing/reconstructing/or elevating an existing foundation ● Purchasing an existing structure on another site and moving it onto a new foundation ● Making structural alterations, such as the repair of structural damage, and new construction, including room additions ● Landscaping, irrigation, or similar site amenity improvements ● Constructing a windstorm shelter ● Making additions or alterations to support commercial use or to equip or refurbish space for commercial use ● Making recreational luxury improvements ● Repairs that necessitate a Consultant to develop a work write-up ● Repairs requiring detailed drawings or architectural exhibits ● Repairs that require a plan reviewer ● Any repair or improvement requiring a work schedule longer than six (6) months ● Rehabilitation activities that require more than two (2) payments per specialized contractor ● Result in work not starting within 30 days ● Any repairs that would cause the mortgagor to be displaced from the property for more than 15 days during the time the rehab work is being conducted
<p>Contractors</p>	<p>All contractors must be accepted by MiMutual. They must provide a completed copy of MiMutual's Contractor Acceptance Form, and all required attachments:</p> <ul style="list-style-type: none"> ● Estimates for work to be done, using MiMutual's 203(k) Contractor Proposal (or a similar document containing the same information). All repairs / improvements must be itemized, both materials and labor. ● Signed and dated W-9 ● Certificate of Liability Insurance (local requirements will dictate minimum insurance coverage required for the contractor) ● Copy of license (required unless state does not require contractor licensure) ● References (required when no license is available) <p>If the contractor selected has no experience with renovation loans, a Renovation Consultant will be required, which is not permitted on a Limited 203(k). Therefore, a Standard 203(k) loan must be used</p> <p><i>MiMutual will only allow a maximum of 3 contractors per property (including self-help).</i></p>