

**STANDARD 203(k) PURCHASE TRANSACTION
MAXIMUM MORTGAGE CALCULATION**

Step 1: Establishing Financeable Repair and Improvement Costs, Fees and Reserves		
A.	Repair and Improvement Costs and Fees Total (Sum of A1 thru A7)	\$ _____
	1. Costs of construction, repairs and rehabilitation	\$ _____
	2. Architectural or Engineering Professional Fees	\$ _____
	3. 203(k) Consultant Fees	\$ _____
	4. Inspection Fees (For work performed during rehabilitation)	\$ _____
	5. Title Update Fees	\$ _____
	6. Permit Fees	\$ _____
	7. Feasibility Study when necessary	\$ _____
B.	Financeable Contingency Reserves	\$ _____
C.	Financeable Mortgage Payments Reserves	\$ _____
D.	Financeable Mortgage Fees, if charged (Sum of D1 and D2)	\$ _____
	1. Origination Fee (Greater of \$350 or 1.5% of (Sum of 1A thru 1C))	\$ _____
	2. Discount Points (Applied to Sum of 1A thru 1C)	\$ _____
E.	Total Rehabilitation Costs, Fees and Reserves (Sum of 1A thru 1D)	\$ _____

Step 2: Establishing Value		
A.	Purchase Price	\$ _____
B.	Inducement to Purchase	\$ _____
C.	Purchase Price Less Inducement to Purchase	\$ _____
D.	As-Is Property Value <i>(As-Is Appraisal may be required to comply with Property Flipping guidelines)</i>	\$ _____
E.	Adjusted As-Is Value <i>(If As-is appraisal is obtained, then the As-is property value (Step 2D) = Adjusted As-Is Value, OR if As-is appraisal is not obtained, then Step 2C = Adjusted As-is Value)</i>	\$ _____
F.	After-Improved Value (Appraisal Subject to repairs and Improvements)	\$ _____

Step 3: Calculating Maximum Mortgage		
A.	Step 2E + Step 1E (Adjusted As-Is Value + Step 1 Total)	\$ _____
B.	Step 2F (After-Improved Value) X 110% (100% if Condo)	\$ _____
C.	Lesser of 3A or 3B (\$ _____) x Maximum LTV Factor from 3F _____%	\$ _____
D.	Nationwide Mortgage Limit	\$ _____
E.	Initial Base Mortgage Amount = Lesser of 3C or 3D	\$ _____
F.	Determining Loan-To-Value Factor for Maximum Mortgage Eligibility _____%	
	Basis	Criteria
	MDCS	At or above 580
	MDCS	Between 500 and 579
	Secondary Residences	With HOC Approval
	No Credit Score	Manual Underwriting required
		Maximum LTV Factor
		<input type="checkbox"/> 96.5%
		<input type="checkbox"/> 90%
		<input type="checkbox"/> 85%
		<input type="checkbox"/> 96.5%
	Note: MDCS = Minimum Decision Credit Score	

Mortgagees must consult HUD Handbook 4000.1 for detailed guidance on all 203(k) loan transactions.

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Step 4: Additions to Initial Base Mortgage Amount for EEM, and/or Solar/Wind Energy		
<i>Note: If no EEM or Solar/Wind additions, then Initial Base Mortgage amount (3F) = Final Base Mortgage amount (4G)</i>		
A.	Energy Efficient Mortgage (EEM) Improvement Amount	\$ _____
B.	Step 3E + Step 4A <i>(Initial Base Mortgage Amount + EEM Improvement Amount)</i>	\$ _____
C.	Solar/Wind Energy System Actual Cost	\$ _____
D.	Step 2F x 20% (After-Improved Value x 20%)	\$ _____
E.	Lesser of (Step 4C or Step 4D) = Maximum financeable Solar/Wind Energy amount	\$ _____
F.	Step 3E x 120% (Nationwide Mortgage Limit x 120%)	\$ _____
G.	Final Base Mortgage Amount = Lesser of (Sum of Step 4B + Step 4E) or Step 4F	\$ _____

Step 5: Calculating the LTV for Application of Annual MIP		
<i>Note: If no EEM or Solar/Wind additions, then Initial Base Mortgage amount (3F) = Final Base Mortgage amount (4G)</i>		
A.	MIP LTV = 4G divided by 2F (Final Base Mortgage Amount divided by After Improved Value)	_____ %

Step 6: Establishing the Rehabilitation Escrow Account		
A	Rehabilitation Escrow Account (Sum of A1 thru A3)	\$ _____
	1. Repair and Improvement Costs, Fees & Reserves (Step 1E)	\$ _____
	2. Cost of EEM, weatherization or solar energy systems	\$ _____
	3. Borrowers Own Funds for Contingency Reserves (if not financed in 6:A1)	\$ _____
B	Initial Draw at Closing Total (Sum of B1 thru B7)	\$ _____
	1. Prepaid 203k Consultant Fees	\$ _____
	2. Prepaid Architectural or Engineering Fees	\$ _____
	3. Permit Fees	\$ _____
	4. Origination Fees (Step 1:D1)	\$ _____
	5. Discount Points (Step 1:D2)	\$ _____
	6. Material costs for items ordered & prepaid by Borrower/or contractor (under contract for delivery)	\$ _____
	7. Up to 50% of materials not yet paid for by the Borrower/or contractor	\$ _____
C.	Rehabilitation Escrow Amount Balance for Future Draws = 6A minus 6B	\$ _____

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