

**LIMITED 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 <i>(Sum of A1 thru A4)</i>		\$ _____
	1. Costs of construction, repairs and rehabilitation	\$ _____	
	2. Inspection Fees (work Performed during Rehabilitation)	\$ _____	
	3. Title Update Fees	\$ _____	
	4. Permit Fees	\$ _____	
B.	Financeable Contingency Reserves		\$ _____
C.	Financeable Mortgage Fees, if charged <i>(Sum of C1 and C2)</i>		\$ _____
	1. Origination Fee <i>(Greater of \$350 or 1.5% of (Sum of 1A+1B))</i>	\$ _____	
	2. Discount Points (Applied to the sum of 1A+1B)	\$ _____	
D.	Total Rehabilitation Costs, Fees, and Reserves <i>(Sum of 1A , 1B & 1C)</i> Not to exceed \$35,000		\$ _____

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 <i>(Appraisal Subject to repairs and improvements)</i>		\$ _____

Step 3:	Calculating Maximum Mortgage		
A.	Step 2E + Step 1E <i>(Adjusted As-Is Value + Step 1 Total)</i>		\$ _____
B.	Step 2F <i>(After-Improved Value)</i> 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	Maximum LTV Factor
	MDCS	At or above 580	<input type="checkbox"/> 96.5%
	MDCS	Between 500 and 579	<input type="checkbox"/> 90%
	Secondary Residences	With HOC Approval	<input type="checkbox"/> 85%
	No Credit Score	Manual Underwriting required	<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 1D)	\$_____
	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 B4)	\$_____
	1. Permit Fees	\$_____
	2. Origination Fees (Step 1:C1)	\$_____
	3. Discount Points (Step 1:C2)	\$_____
	4. Up to 50% of materials and labor costs for contractor deposit (when permitted per policy)	\$_____
C.	Rehabilitation Escrow Amount Balance for Future Draws = 6A minus 6B	\$_____

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