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** *(Sum of A1 thru A4)*		$_____
	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** *(Sum of C1 and C2)*		$_____
	1. Origination Fee *(Greater of $350 or 1.5% of (Sum of 1A+1B)*	$_____	
	2. Discount Points (Applied to the sum of 1A+1B)	$_____	
D.	**Total Rehabilitation Costs, Fees, and Reserves** *(Sum of 1A , 1B & 1C)* ***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** *(As-Is Appraisal may be required to comply with Property Flipping guidelines)*		$_____
E.	**Adjusted As-Is Value** *(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)*		$_____
F.	**After-Improved Value** *(Appraisal Subject to repairs and improvements)*		$_____

Step 3:	Calculating Maximum Mortgage		
A.	**Step 2E + Step 1D** *(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**	**Maximum LTV Factor**
	MDCS	At or above 580	☐ 96.5%
	MDCS	Between 500 and 579	☐ 90%
	Secondary Residences	With HOC Approval	☐ 85%
	No Credit Score	Manual Underwriting required	☐ 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 *Note: If no EEM or Solar/Wind additions, then Initial Base Mortgage amount (3F) = Final Base Mortgage amount (4G)*	
A.	Energy Efficient Mortgage (EEM) Improvement Amount	$_____
B.	Step 3E + Step 4A *(Initial Base Mortgage Amount + EEM Improvement Amount)*	$_____.
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 *Note: If no EEM or Solar/Wind additions, then Initial Base Mortgage amount (3F) = Final Base Mortgage amount (4G)*	
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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