



**April 2009**



## **203K TRAINING**

# PRESENTERS



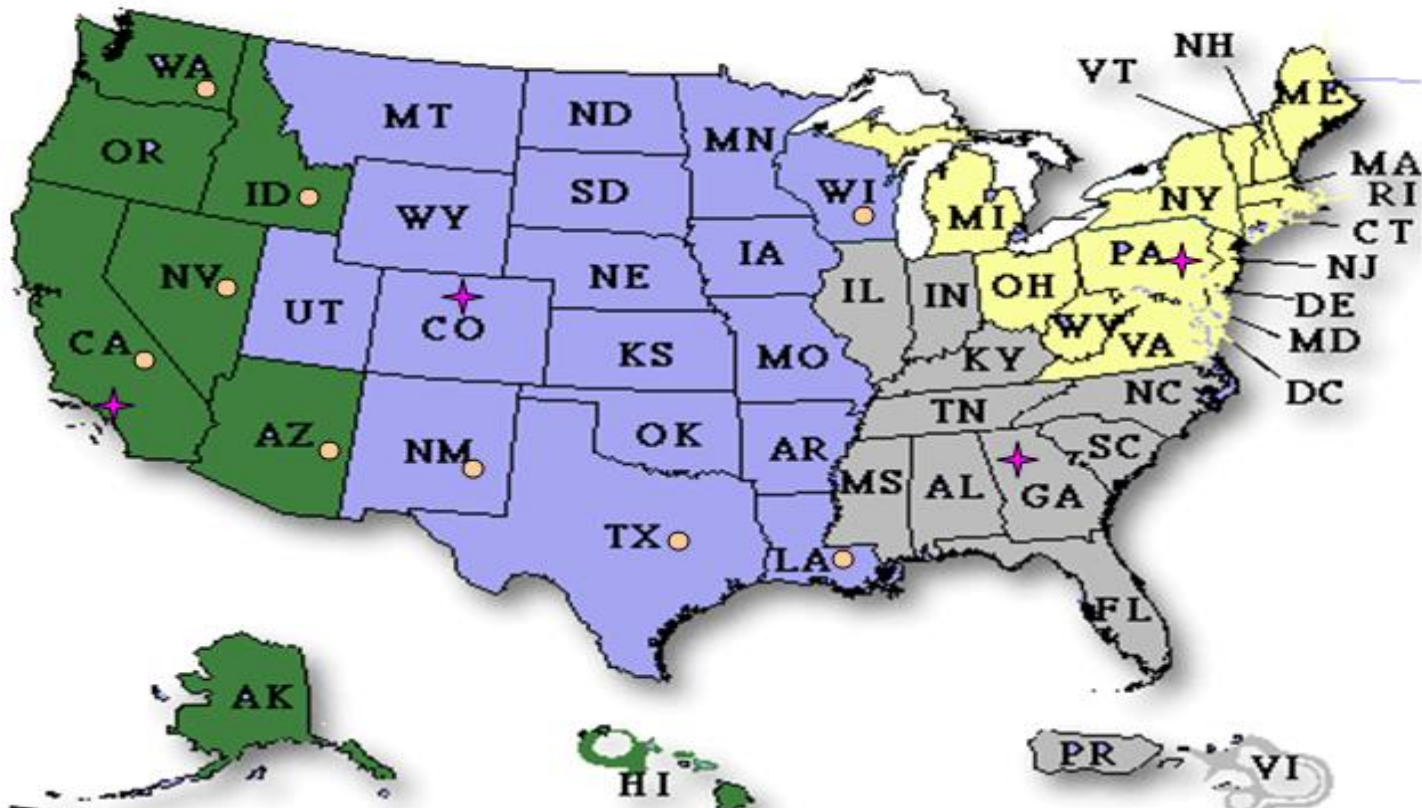
THOMAS BAKER

VAUN BATEMAN

ANGELA ESCOBEDO

CONNIE SCHOENWALD

LINDA THOMPSON



# Homeownership Centers

- Santa Ana
- Philadelphia
- HOC Office Locations
- Denver
- Atlanta
- Community Property States

# STREAMLINED (K)

# WHY 203(K)?



- CURRENT OWNERS STAY IN THEIR HOMES AND RENOVATE
- INVESTORS SELLING RENTALS THAT NEED REPAIR
- MODIFICATIONS FOR DISABLED INDIVIDUALS
- ABILITY TO MARKET PROPERTIES THAT NEED UPDATING
- INCREASING A PROPERTY'S VALUE
- ONE LOAN

# STREAMLINED (k)



PURCHASE OR REFINANCE TRANSACTIONS OF  
PROPERTIES NEEDING MINOR REPAIR OR  
UPGRADING

# STREAMLINED (k)



MAXIMUM LOAN AMOUNT IS THE LESSER OF:

- PURCHASE PRICE (OR “AS IS” VALUE FOR REFINANCES) PLUS REHABILITATION COSTS, OR
- 110% OF “AFTER IMPROVED” VALUE
- NOT TO EXCEED MAXIMUM FHA LOAN LIMIT FOR THE AREA

# STREAMLINED (k)



## BENEFITS

MINOR REPAIRS AND IMPROVEMENTS (UPGRADES)

REPAIR COSTS UP TO \$35,000 (VALUE PERMITTING)

NO MINIMUM REPAIR COST THRESHOLD

REPAIRS ARE COMPLETED AFTER CLOSING WITH LOAN  
PROCEEDS

SAME DOWN PAYMENT REQUIREMENT FOR PURCHASES  
(3.50%)

NO INSPECTION REQUIRED (IF LESS THAN \$15,000)



# STREAMLINED (k)



## BENEFITS

No 203 (k) CONSULTANT

No GENERAL CONTRACTOR

ANY FHA APPROVED LENDER MAY ORIGINATE A  
STREAMLINED 203(k) MORTGAGE

# STREAMLINED (K)



## WHAT CAN BE INCLUDED?

TOTAL COST OF REHAB  
SUPPLEMENTAL ORIGINATION FEE AND DISCOUNT  
POINTS  
CONTINGENCY RESERVES (AT LENDER'S OPTION)  
INSPECTION FEES  
BUILDING AND OTHER PERMITS  
TITLE UPDATE COSTS

# STREAMLINED (k)

## ELIGIBLE WORK ITEMS



REPAIR/REPLACE/UPGRADE

ROOFS, GUTTERS AND DOWNSPOUTS

EXISTING HVAC SYSTEMS, PLUMBING, AND ELECTRICAL SYSTEMS

EXISTING FLOORING

MINOR REMODELING (NON-STRUCTURAL) REPAIRS

EXTERIOR AND INTERIOR PAINTING

WEATHERIZATION

APPLIANCES (INCLUDING FREE-STANDING RANGES, REFRIGERATORS,  
WASHERS/DRYERS, DISHWASHERS AND MICROWAVES)

IMPROVEMENTS FOR ACCESSIBILITY FOR PERSONS WITH DISABILITIES

# STREAMLINED (k)



## ELIGIBLE WORK ITEMS

- ENVIRONMENTAL MITIGATION
- MODIFICATIONS INVOLVING DISTURBANCE OF PRE-1978 PAINT SURFACES
- LEAD BASED PAINT ABATEMENT
- REPAIR/REPLACE/ADD EXTERIOR DECKS, PATIOS, PORCHES
- BASEMENT FINISHING AND REMODELING (NOT INVOLVING STRUCTURAL REPAIRS)
- BASEMENT WATER PROOFING
- WINDOW AND DOOR REPLACEMENTS & EXTERIOR WALL RE-SIDING
- SEPTIC SYSTEM AND/OR WELL REPAIR OR REPLACEMENT

# STREAMLINED (k)



## ➤ INELIGIBLE WORK ITEMS

- MAJOR REHABILITATION OR REMODELING ( SUCH AS THE RELOCATION OF A LOAD-BEARING WALL)
- NEW CONSTRUCTION (INCLUDING ROOM ADDITIONS)
- REPAIR OF STRUCTURAL DAMAGE
- REPAIRS REQUIRING DETAILED DRAWINGS OR ARCHITECTURAL EXHIBITS
- LANDSCAPING OR SIMILAR SITE AMENITY IMPROVEMENTS
- ANY REPAIR OR IMPROVEMENTS REQUIRING MORE THAN 6 MONTHS TO COMPLETE
- REHABILITATION ACTIVITIES THAT REQUIRE MORE THAN TWO (2) PAYMENTS PER SPECIALIZED CONTRACTOR

# STREAMLINED (k)



## CONTRACTORS AND REHABILITATION CRITERIA

BORROWER MUST USE LICENSED AND BONDED CONTRACTORS

“SELF-HELP” IS DISCOURAGED BUT ACCEPTABLE IF THE BORROWER CAN SUFFICIENTLY DEMONSTRATE TO THE LENDER THAT HE/SHE HAS THE NECESSARY EXPERTISE AND EXPERIENCE TO COMPETENTLY PERFORM THE WORK

MORE INFORMATION

MORTGAGEE LETTER 2005-50

# ELIGIBLE PROPERTIES

- HUD REO PROPERTIES
- NEW PROPERTIES
- CONDOMINIUMS
- REFINANCE OF EXISTING PROPERTIES
- FREE AND CLEAR PROPERTIES CURRENTLY OWNED
- 1-4 UNITS

# STREAMLINED (k) GUIDELINES

## ML 2005-50



ALL REPAIRS MUST COMPLY WITH LOCAL CODES

ALL REQUIRED PERMITS MUST BE OBTAINED

NO MINIMUM REPAIR COST THRESHOLD

OVERALL COST CANNOT EXCEED \$35,000



# RESPONSIBILITIES



## LENDER

EXAMINE BIDS(S) & WORK PLAN; REVIEW WITH BORROWER AND CONTRACTOR

ENSURE WORK MEETS PROGRAM REQUIREMENTS AND COST OF REPAIRS ARE REASONABLE/CUSTOMARY FOR AREA

ASSURE ALL REQUIRED PERMITS OBTAINED

COMPLETE HUD-92700, MAXIMUM MORTGAGE WORKSHEET

DETERMINE IF CONTINGENCY RESERVE IS NEEDED;

DETERMINE IF BORROWER MEETS REQUIREMENTS FOR "SELF-HELP"

## CONTRACTOR

MUST MEET ALL JURISDICTIONAL LICENSING & BONDING REQUIREMENTS

PROVIDE WRITTEN COST ESTIMATE, PROVIDE LICENSING, BONDING, REFERENCE INFORMATION TO LENDER. ONLY FIXED PRICES ACCEPTABLE (NOT TIME/MATERIAL)

EXECUTE HOMEOWNER/CONTRACTOR AGREEMENT

OBTAIN PERMITS, IF HOMEOWNER HAS NOT

MAXIMUM 2 DRAWS PER CONTRACTOR

# RESPONSIBILITIES



## HOMEOWNER

OBTAIN NECESSARY PERMITS, IF NOT OBTAINED BY THE CONTRACTOR

SIGN HOMEOWNER/CONTRACTOR AGREEMENT

SELECT CONTRACTOR (OBTAIN COST ESTIMATES. SUBMIT TO LENDER

## APPRAISER

MUST RECEIVE ALL COST ESTIMATES AND LIST OF WORK ITEMS

PROVIDE AN AFTER-IMPROVED VALUE

PERFORM FINAL INSPECTION TO ASSURE WORK COMPLETED AS SUBMITTED

# 203K STREAMLINE DOCUMENTS



- HUD 92800.5B CONDITIONAL COMMITMENT
- HUD 92900A DIRECT ENDORSEMENT APPROVAL
- HUD 92900 –LT FHA LOAN UNDERWRITING AND TRANSMITTAL SUMMARY
- HUD 92700 MAXIMUM MORTGAGE WORKSHEET
- HUD 92700A BORROWER'S ACKNOWLEDGEMENT
- BORROWER'S IDENTITY OF INTEREST CERTIFICATION

# 203K STREAMLINE DOCUMENTS



- HOMEOWNER/CONTRACTOR AGREEMENT
- REHABILITATION SELF-HELP LOAN AGREEMENT
- REHABILITATION LOAN AGREEMENT
- REHABILITATION RIDER
- HUD 92577 CHANGE ORDER REQUEST (IF NEEDED)
- MORTGAGOR'S LETTER OF COMPLETION
- CONTINGENCY RELEASE LETTER
- FINAL RELEASE NOTICE

# 203(k) vs. 203(k) STREAMLINE



## 203(k)

- ✓ REPAIRS/IMPROVEMENTS MUST BE AT LEAST \$5,000
- ✓ CONSULTANT REQUIRED
- ✓ ARCHITECTURAL EXHIBITS REQUIRED
- ✓ BORROWER CAN DO REPAIRS/IMPROVEMENTS IF QUALIFIED

## 203(k) STREAMLINE

- ✓ FACILITATE UNCOMPLICATED REPAIRS/IMPROVEMENTS
- ✓ NO CONSULTANT REQUIRED
- ✓ NO ARCHITECT REQUIRED
- ✓ BORROWER CAN DO REPAIRS/IMPROVEMENTS IF QUALIFIED
- ✓ INCLUDE UP TO \$35,000

# MAJOR REHABILITATION AND REPAIR 203(k)

# MAJOR REHABILITATION AND REPAIR 203(k)



## Purpose of the 203(k) Loan:

PRIMARY PROGRAM FOR THE REHABILITATION  
AND REPAIR OF SINGLE FAMILY HOUSING

TOOL FOR COMMUNITY AND NEIGHBORHOOD  
REVITALIZATION

EXPAND HOMEOWNERSHIP OPPORTUNITIES

# MAJOR REHABILITATION AND REPAIR 203(k)



## Program Details:

PURCHASE OR REFINANCE

FIXED OR ADJUSTABLE RATE MORTGAGE

PROPERTY MUST BE 100% COMPLETE PER CERTIFICATE OF OCCUPANCY OR EQUIVALENT DOCUMENT, AND MUST BE OVER 1 YEAR OLD

CREDIT UNDERWRITING GUIDELINES ARE THE SAME AS FOR ANY FHA LOAN

A FIRST MORTGAGE THAT COMBINES THE PURCHASE OR REFINANCE WITH RENOVATION COSTS

LOAN IS FULLY DISBURSED AT CLOSING



# MAJOR REHABILITATION AND REPAIR 203(k)



## Maximum Loan Amount:

MINIMUM \$5,000 IMPROVEMENTS

MAXIMUM LOAN AMOUNT IS THE LESSER OF:

MAXIMUM MORTGAGE LIMIT FOR AREA (BASE  
MORTGAGE AMOUNT)

PURCHASE PRICE PLUS COST OF  
REHABILITATION

110% OF "AFTER IMPROVED" VALUE

# MAJOR REHABILITATION AND REPAIR 203(k)



## How 203(k) Can Be Used :

MOVE A HOUSE ONTO EXISTING FOUNDATION

REFINANCE AN EXISTING LOAN

CONVERT A 1-FAMILY DWELLING TO 2-4 UNITS AND VICE  
VERSA

MODERNIZE OR ENLARGE HOUSE

BUILD A NEW HOUSE ON AN “EXISTING” FOUNDATION

HOMES THAT HAVE BEEN DEMOLISHED ARE ELIGIBLE  
PROVIDED SOME OF THE EXISTING FOUNDATION SYSTEM  
REMAINS IN PLACE

# MAJOR REHABILITATION AND REPAIR 203(k)



## Eligible Improvements :

ELIGIBLE IMPROVEMENTS INCLUDE BUT ARE NOT LIMITED TO:

PLUMBING

FLOOR TREATMENTS

ELECTRIC

ENERGY EFFICIENCY ITEMS

WELLS

STORM SHELTERS

SEPTIC

HEATING/COOLING UNITS

ROOFING

GARAGE (ATTACHED OR DETACHED)

REPAIRS TO CORRECT STRUCTURAL DEFICIENCIES

A MINIMUM OF \$5,000 OF IMPROVEMENTS WHICH INCREASE THE MARKETABILITY AND VALUE OF THE PROPERTY

“CONSULTANT” WRITE-UP IS REQUIRED BEFORE THE APPRAISAL HAS BEEN COMPLETED.

# MAJOR REHABILITATION AND REPAIR 203(k)



## Ineligible Improvements :

“LUXURY” items that are not a permanent part of the real estate are not eligible as a cost of rehabilitation

# MAJOR REHABILITATION AND REPAIR 203(k)



## ELIGIBLE PROPERTIES:

1-4 UNITS

EXISTING MORE THAN 1 YEAR

CONDOS

MANUFACTURED HOMES

NEW CONSTRUCTION ON PART OF ORIGINAL FOUNDATION

EXISTING HOUSE MOVED TO NEW FOUNDATION

MIXED USE PROPERTIES (% LIMITATION OF AMOUNT ON  
COMMERCIAL SPACE)

# 203K DOCUMENTS



- HUD 92800.5B CONDITIONAL COMMITMENT
- HUD 92900A DIRECT ENDORSEMENT APPROVAL
- HUD 92900 –LT FHA LOAN UNDERWRITING AND TRANSMITTAL SUMMARY
- HUD 92700 MAXIMUM MORTGAGE WORKSHEET
- HUD 92700A 203K BORROWER'S ACKNOWLEDGEMENT
- HUD 9746-A DRAW REQUEST
- 203K WORK RIGHT-UP (COMPLETED BY CONSULTANT) CHECKLIST FOUND IN APPENDIX 1 OF 4240.4. REV 2

# 203K DOCUMENTS



- BORROWER'S IDENTITY OF INTEREST CERTIFICATION
- HOMEOWNER/CONTRACTOR AGREEMENT
- REHABILITATION SELF-HELP LOAN AGREEMENT
- REHABILITATION LOAN AGREEMENT
- REHABILITATION RIDER
- HUD 92577 CHANGE ORDER REQUEST
- MORTGAGOR'S LETTER OF COMPLETION
- CONTINGENCY RELEASE LETTER
- FINAL RELEASE NOTICE

# ADDITIONAL PROGRAMS AVAILABLE WITH THE 203K PRODUCT



# ENERGY EFFICIENT MORTGAGE



- ALLOWS THE FINANCING OF ENERGY EFFICIENT FEATURES ALONG WITH THE PURCHASE OR REFINANCE OF THE HOME
- MAKES A HOME MORE COMFORTABLE, MORE AFFORDABLE AND MORE MARKETABLE
- CAN BE USED WITH ANY FHA PROGRAM — 203(B), 203(K), STREAMLINED (K), ETC
- CAN BE USED ON EXISTING OR NEWLY CONSTRUCTED PROPERTIES, ON 1-4 UNIT PROPERTIES & WITH ANY PROPERTY TYPE

# EEM CONTINUED



- EEM IMPROVEMENTS (& WEATHERIZATION ITEMS) CAN BE ADDED ON TOP OF THE STREAMLINED (K) ITEMS
- MAX FHA LOAN AMOUNT FOR AREA CAN BE EXCEEDED BY THE EEM AMOUNT
- BORROWERS ARE QUALIFIED BEFORE THE EEM AMOUNT IS ADDED TO THE FINAL MORTGAGE AMOUNT
- COST OF ENERGY IMPROVEMENTS & ESTIMATE OF ENERGY SAVINGS ARE DETERMINED BY A HERS REPORT

# REAL ESTATE OWNED



- INSURABLE WITH ESCROW
- UNINSURABLE

## SALES CONTRACT

# REO CONTINUED



http://www.firstpreston.com/documents/fha203k.pdf - Microsoft Internet Explorer

File Edit Go To Favorites Help

Back Search Favorites

Address http://www.firstpreston.com/documents/fha203k.pdf

1 / 1 102% Find

**EXAMPLE: FHA INSURED 203(k) FINANCING**

**Sales Contract** U.S. Department of Housing and Urban Development  
Property Disposition Program Office of Housing  
Federal Housing Commissioner

1. I (We), JOHN SMITH AND LAURA SMITH HUD Case No. 492-123456  
(Purchaser(s)) agree to purchase on the terms set forth herein, the following property, as more particularly described in the deed conveying the property to the Secretary of Housing and Urban Development:  
723 PRESTON ROAD, DALLAS, DALLAS COUNTY, TEXAS, 75001  
(street number, street name, unit number, if applicable, city, county, State)

2. The Secretary of Housing and Urban Development (Seller) agrees to sell the property at the price and terms set forth herein, and to prepare a deed containing a covenant which warrants against the acts of the Seller and all claiming by, through or under him. Title will be taken in the following name(s) and style [See the required wording for your region in the Guidebook for Real Estate Professionals]

3. The agreed purchase price of the property is ..... 3. \$ 125,000  
Purchaser has paid \$ 1,000 as earnest money to be applied on the purchase price, and agrees to pay the balance of the purchase price, plus or minus prorations, at the time of closing, in cash to Seller. The earnest money deposit shall be held by [See the required wording for your region in the Guidebook for Real Estate Professionals]

4.  Purchaser is applying for FHA insured financing  203(b),  203(b) repair escrow,  203(k) with a cash down payment of \$ \_\_\_\_\_ due at closing and the balance secured by a mortgage in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ months (does not include FHA Mortgage Insurance Premium, prepaid expenses or closing costs Seller has agreed to fund into mortgage.)  
 Said mortgage involves a repair escrow amounting to \$ \_\_\_\_\_  
 Purchaser is paying cash or applying for conventional or other financing not involving FHA.

5. Seller will pay reasonable and customary costs, but not more than actual costs, nor more than paid by a typical Seller in the area, of obtaining financing and/or closing (excluding broker's commission) in an amount not to exceed .. 5. \$ 3,750

6a. Upon sales closing, Seller agrees to pay to the broker identified below a commission (including selling bonus, if offered by seller) of ..... 6a. \$ 6,250

6b. If broker identified below is not the broad listing broker, broad listing broker will receive a commission of: 6b. \$ 0

7. The net amount due Seller is (Purchase price [Item 3] less Items 5 and 6) ..... 7. \$ 115,000

8. Purchaser is:  owner-occupant (will occupy this property as primary residence)  investor  
 nonprofit organization  public housing agency  other government agency. Discount at closing: \_\_\_\_\_ %  
*Discount will reduced by amounts, if any, listed on Line Items 5 and 6.*

Done Unknown Zone

start Microsoft Off... Inbox - Micro... 4 Internet E... Training Pods Microsoft Pow... 9:25 AM

# LEAD PAINT STABILIZATION



CLEARANCE EXAM MUST BE PERFORMED BY STATE  
OR EPA CERTIFIED LEAD-PAINT INSPECTOR,  
CERTIFIED RISK ASSESSOR OR SAMPLING  
EXAMINATION

IF A HUD HOME, MAY RECEIVE A CREDIT  
CREDIT NOT PART OF \$35,000 STREAMLINED (K)  
LIMIT

# CASE NUMBER ASSIGNMENT

# CASE NUMBER ASSIGNMENT



Case Number Assignment - Microsoft Internet Explorer

Address: https://entp.hud.gov/das/html/f17ra-c.cfm?choice=C&cn\_pre=292&cn\_rest=5064593&originator=1733200009

Case type: Regular DE  
Construction Code: Substantial Rehabilitation  
Processing type: N/A  
Financing type: N/A

ADP Code: 702 Living Units: 01 Program ID: (00)-Default Loan Term: 360

**ADP Code Characteristics:**

Amortization Type: Fixed	Housing Program: Improvements (203k)	Condominium: No
Special Program: No Special Program	Buydown: No	

Type of Case: Forward Purchase

If Purchase: Was this case previously sold as Real Estate Owned (previously sold by HUD)?  Yes  No

If Refinance: Specify type of refinance: Not a Refinance

**\* As Required \***

All Refinances: (a) Select streamline refinance type: Not Streamlined  
(b) Is this a Cash-out Refinance:  Yes  No

Prior FHA and prior REO cases: Enter case number of previous case: [ ]-[ ]

HOPE Loans:

(a) Confirm that this case qualifies as HOPE Loan: No

(b) Debt-to-Income (DTI) Ratio: [ ] as of: [ ]/[ ]/[ ]

(c) Number of payments made on old loan: [ ]

(d) Date of first payment for old loan: [ ]/[ ]/[ ]

# CASE NUMBER ASSIGNMENT



**\* ADP Code Selector \***

Type of Construction:  Interest Buydown?

Housing Program:  Condominium?

Amortization Type:  Special Program:

Search criteria matched 2 ADP Codes

ADP Code	SOA	Description
<input checked="" type="radio"/> 702	203K	203K/IMPROVEMENTS/FIRST LIEN
<input type="radio"/> 807	203K	203K/ENERGY EFFICIENT MORTGAGE (EEM)

Case Number Assigned on: 08/08/2008

Financing Type:

Loan Term: 360

All Refinances: (a) Select streamline refinance type:  (b) Is this a Cash-out Refinance:  Yes  No



# CASE NUMBER ASSIGNMENT



**\* ADP Code Selector \***

Type of Construction:  Interest Buydown?

Housing Program:  Condominium?

Amortization Type:  Special Program:

Search criteria matched 1 ADP Codes

ADP Code	SOA	Description
804	203K	203K CONDOMINIUM

Case Number Assigned on: 08/08/2008

Financing Type:

Loan Term: 360

All Refinances: (a) Select streamline refinance type:  (b) Is this a Cash-out Refinance:  Yes  No

# CASE NUMBER ASSIGNMENT



The screenshot displays a Microsoft PowerPoint slide titled "203k - Microsoft PowerPoint". The slide content is a screenshot of a Microsoft Internet Explorer browser window. The browser address bar shows the URL: <https://entp.hud.gov/das/html/f17ra-c.cfm>. The form contains several sections:

- (d) Date of first payment for old loan:
- (e) Current Mortgage Provider(s):
  - FHA:  VA:  Rural Development:  Privat
  - Prime:  Sub-Prime:  Alt-A:  Other:
- (f) Type of Loan Product(s):
  - Fixed:  Interest Only:  Other:
  - ARM:  Option ARM:  2/28 ARM:  3/27 ARM:
- (g) Combined loan-to-value (CLTV) of all liens:
- 203k Consultant ID:  (This field is circled in red)
- PUD/Condo Indicator:  PUD/Condo ID:  Phase:  Spot Lot:
- Month/Year Completed: /1950 VA CRV Expire Date: / /  VA CRV Number:

The Windows taskbar at the bottom shows the system tray with the time 10:12 AM and the taskbar with the following open applications: start, 1\_clood\_skipper, Inbox - Microsoft O..., Microsoft Access - T..., Microsoft PowerPoi..., and Case Number Assign... The taskbar also shows a 74% zoom level and a Local intranet icon.

# CLOSEOUT REQUIREMENTS

# CLOSEOUT REQUIREMENTS



PROPER CLOSE-OUT MEANS THE MORTGAGEE HAS CERTIFIED, REVIEWED AND VERIFIED ACCURACY OF THE FOLLOWING:

- MORTGAGOR'S ACKNOWLEDGEMENT OF SATISFACTORY COMPLETION
- EVIDENCE OF RELEASE OF LIEN(S)
- INSPECTION REPORT(S)
- CHANGE ORDERS
- MORTGAGEE ACCOUNTING OF ESCROW FUNDS AND DISBURSEMENTS

# CLOSEOUT REQUIREMENTS



THE MORTGAGEE ELECTRONICALLY CERTIFIES THE  
CLOSEOUT VIA FHA CONNECTION

CLOSEOUT DOCUMENTS ARE NOT REQUIRED TO BE  
FORWARDED TO FHA

DOCUMENTS MUST BE RETAINED BY THE  
MORTGAGEE FOR 2 YEARS FOLLOWING  
ENDORSEMENT

## Escrow Closeout Certification

[Help Links](#)

FHA Case Number: 052-4522108

Address: 654 TAMARRON DR  
COLORADO SPRINGS CO 809190000

Closeout Types:  203k  EEM  Repairs

Escrow Amount: 34,930.00 Expected Completion Date: 12/08

Amount Applied to Principal: .00

By selecting Yes for the Streamline 203k Closeout, the mortgagee certifies that they have reviewed and verified the accuracy of the following without limitations:

- Mortgagor's acknowledgement of satisfactory completion
- Evidence of release of lien(s)
- Mortgagee's inspection report(s)
- Change orders
- Mortgagee accounting of the escrow funds
- Record of disbursements

**REMINDER:**

Following electronic certification of closeout, lenders must retain all required 203k exhibits and documents, as noted above, in the case binder.

All escrow items have been satisfactorily completed:  Yes  No



Reset

New Request

Message Board Monday March 16, 2009

# HUD 92700 MAXIMUM MORTGAGE WORKSHEET

# STREAMLINED (K) & 203(K) WORKSHEET



FORM HUD-92700  
TO BE REVISED 2009

203(k) and Streamlined (k) Maximum Mortgage Worksheet  
U.S. Department of Housing and Urban Development  
Office of Housing  
Federal Housing Administration

Form No. HUD-92700  
Rev. 10/2007

1. Borrower Information  
2. Property Information  
3. Mortgage Calculations  
4. Maximum Mortgage Amount

[HTTP://WWW.HUD.GOV/OFFICES/HSG/SFH/  
92700.PDF](http://www.hud.gov/offices/hsg/sfh/92700.pdf)



# HUD-92700 PURCHASE



PURCHASE PRICE	\$150,000
AFTER IMPROVED VALUE	\$153,000
CLOSING COSTS AND PREPAIDS	\$ 3,500
TITLE UP DATE FEE	\$ 100
NO CONTINGENCY RESERVE	
PROPOSED IMPROVEMENTS:	
PAINT INTERIOR	\$ 1,500
CARPET	\$ 2,700
LINOLEUM	\$ 950
TRIM	\$ 400
TOTAL	\$ 5,550

# HUD-92700 PURCHASE



**203(k) and Streamlined (k) Maximum Mortgage Worksheet**  
 See Public Reporting Statement on the back before completing this form (See Notes 1 thru 5 on back)

**U.S. Department of Housing and Urban Development**  
 Office of Housing  
 Federal Housing Commissioner

OMB Approval No. 2502-0527 (exp. 1/31/2009)

Borrower's Name & Property Address (include street, city, State, and zip code)		FHA Case Number <del>XXXX-XXXXXX-XXX</del>	No. of Units 1	HUD REO? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> NO	<input checked="" type="checkbox"/> Purchase <input type="checkbox"/> Refinance (k) <input type="checkbox"/> Streamlined (k) (Note 6) Purchase date (owned less than 6 months)
Purchase Streamline K		<input checked="" type="checkbox"/> Owner-Occupant <input type="checkbox"/> Nonprofit <input type="checkbox"/> Government Agency			
A. Property Information	1. Contract Sales Price \$ 150,000 Or <input type="checkbox"/> Existing Debt	2. 'As-is' Value (Note 1) \$ 150,000	3. After-improved Value \$ 153,000	4. 110% of A3 \$ 168,300	5. Allowable energy improvements (Note 2)
B. Rehabilitation and Other Allowable Costs	1. Total Cost of Repairs (Line 36, HUD-9746-A) includes the improvements in A6 and REO Lead Based Paint Stabilization				\$ 5550
	2. Contingency Reserve on Repair Costs ( % ) (10 to 20% of B1)				\$ -
	3. Inspection Fees ( x \$ per inspection)+ Title Update Fee ( x \$ 100 per draw)				\$ 100
	4. Mortgage Payments Escrowed ( months x \$ ) if uninhabitable				\$ -
	5. Sub-Total for Rehabilitation Escrow Account (Total of B1 thru B4)				\$ 5650
	6. Architectural and Engineering Fees (Exhibits)				\$ -
	7. Consultant Fees (including mileage, if applicable) (\$ + miles@ /mile)(N/A for Streamlined (k))				\$ -
	8. Permits				\$ -
	9. Other Fees (explain in Remarks)				\$ -
	10. Sub-Total (Total of B5 thru B9)				\$ 5650
	11. Supplemental Origination Fee for both 203k and Streamlined (k) (greater of \$350 or 1.5% of B10)				\$ 350
	12. Discount Points on Repair Costs and Fees (B10x %)				\$ -
	13. Sub-Total for Release at Closing (Total of B6 thru B9 + B11 and B12 (Note 3))				\$ 350
	14. Total Rehabilitation Cost (Total of B5 and B13 minus A6) (Streamlined (k) can not exceed \$35,000)				\$ 6000
C. Mortgage Calculation for Purchase Transactions (see note below)	1. Lesser of Sales Price (A1) or As-is-Value (A2)				\$ 150,000
	2. Total Rehabilitation Cost (B14)				\$ 6,000
	3. Lesser of Sum of C1 + C2 (\$ 156,000) or 110% of After-Improved Value (A4) 168,300				\$ 156,000
	4. Mortgage Amount: Sum of C3 + (-) Required Adjustment (Note 4) (\$ - 0 - ) LTV Factor (96.5%) (Owner-Occupant) or Less Allowable Down payment/ HUD-Owned Property (\$ ) + UFMIP (Note 5)				\$ 150,540
	5. Statutory Investment Required (C3 x 3.5%)				\$ 5,460
	6. Actual Cash Investment Required (C3 + A5 minus C4 (\$ - )) (This figure must be equal to or greater than C5; if less, an adjustment must be made to C4 to ensure a 3.5% investment)				\$ 5,460
	7. Adjusted Maximum Mortgage Amount (as required in C3)				\$ -
D. Mortgage Calculation for Refinance Transactions (see note below)	1. Sum of Existing Debt (A1) + Rehabilitation Cost (B14) + Closing Costs + Prepays + Discount on Total Loan Amt minus Discount on Repair Costs (B12) minus FHA MIP Refunds (\$ )				\$ -
	2. Lesser of Sum of As-is Value (A2) + Rehabilitation Cost (B14) (\$ ) or 110% of After-Improved Value (A4)				\$ -
	3. D2 (\$ ) x LTV Factor (97.75%) (Owner-Occupant)				\$ -
	4. Maximum Mortgage Amount Lesser of D1 or D3 + UFMIP (Note 5)				\$ -
	5. Borrower's Required Investment (D1 minus D4) = (\$ )				\$ -
E. Calculation for Energy Efficient Mortgage	1. Energy Efficient Mortgage Amount (C4 or D4) + A6 (Note 2)				\$ -
	UFMIP	Total Escrowed Funds	Interest Rate	Discount Pts	
	2634	6000	5.5 %	-	
1. Maximum Mortgage Amount with UFMIP (C4, D4 or E1 + UFMIP)					\$ 153,174

Note: 203(k) and Streamlined (k) mortgages are subject to UFMIP and periodic premiums monthly on or after 1/1/2006. ref. Handbook 4240.4 form HUD-92700 (12/08)

Draft Version

# HUD-92700 PURCHASE



Remarks (Continue on back if needed):

DE Underwriter's Signature, Title & Date		CHUMS No.
Borrower's Signature & Date (Optional)	Co-Borrower's Signature & Date (Optional)	

**Notes:**

1. If owned less than 1 year, use lesser of A2 or Original Acquisition Cost plus Debts incurred for rehabilitation since acquisition.
2. Refer to Mortgagee Letters 95-46, 93-13 and 05-21.
3. These Allowable Costs may be released at closing, provided paid receipts or contractual agreements requiring payment are obtained
4. Required Adjustments would include additions such as financable repairs and improvements, energy related weatherization items, and solar energy systems, as well as subtractions including sales concessions in excess of six percent of the sales price. Inducements to purchase, personal property items, etc. all as per HUD Handbook 4155.1 (May also include REO Lead Based Paint Credit.)
5. Maximum Mortgage not to exceed statutory limit.
6. See ML 2005-50 and 2005-21 for Streamlined (k)

Public reporting burden for this collection of information is estimated to average 25 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.  
This information collection involves an expanded information requirement for lenders that originate and service Section 203(k) mortgages. The purpose of the information is to help mitigate program abuses. The expanded information focuses on the loan origination process and requires increased documentation and strengthened internal control procedures. Periodic reporting of the information is not required. The information also includes information that was voluntarily accepted by the 203(k) lending community. The information provides a more comprehensive basis for evaluating lender underwriting practices and thereby improves risk management of the 203(k) loan portfolio. Responses are required under Section 203(k) of the National Housing Act (12 U.S.C. 1703). No assurance of confidentiality is provided.

Note: 203(k) and Streamlined (k) mortgages are subject to UFMIP and periodic premiums monthly on or after 1/1/2006.

Page 2 of 2

ref: Handbook 4240.4 form HUD-92700 (12/08)

# ADDITIONAL INFORMATION

# TO ACCESS INFORMATION FOR THE 203(k) AND 203(KS) PROGRAM

**Visit the link referenced below:**

<http://www.hud.gov/offices/hsg/sfh/203k/203kmenu.cfm>

## Homes & Communities

U.S. Department of Housing  
and Urban Development

### Housing

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## 203k Rehabilitation Mortgage Insurance

### FHA's Streamline 203(k) Mortgage

The "Streamline (K)" Limited Repair Program permits homebuyers to finance an additional \$35,000 into their mortgage to improve or upgrade their home before move-in. With this product, homebuyers can quickly and easily tap into cash to pay for property repairs or improvements, such as those identified by a home inspector or FHA appraiser. [More...](#)

### FHA's 203(k) Mortgage

The Section 203(k) program is HUD's primary program for the rehabilitation and repair of single family properties. As such, it is an important tool for community and neighborhood revitalization and for expanding homeownership opportunities. To find out how to become a 203k consultant, read [HUD mortgagee letter 00-25](#)

and [How to Become an Approved 203k Consultant](#).

- ▶ [203K Rehabilitation Program Description](#)
- ▶ [Rehab a Home with HUD's 203K Rehab Program](#)
- ▶ [Streamline K Mortgage](#)
- ▶ [Approved 203k Consultants Search](#)
- ▶ [Funds for Handyman-Specials and Fixer-Uppers](#)
- ▶ [203k Mortgage Letters](#)
- ▶ [203k FAQs](#)
- ▶ [HUD Form 92700 203\(k\) Maximum Mortgage Worksheet \(2/06\)](#)
- ▶ [203\(k\) Endorsement Summary Report](#)

Visit the [FHA Resource Center](#) for more 203(k) information.



[Information by State](#)



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### HUD Resources

[SUBSCRIBE](#) to the Single Family Housing email list. You will get frequent updates to the HOC Reference Guide, training and event announcements, mortgagee letters and notices about your Single Family business.

# RESOURCES



- ML 2005-50: STREAMLINED (K) GUIDELINES
- ML 2005-21: EEM GUIDELINES
- ML 2000-08: FOR NON-PROFIT PURCHASERS ONLY
- ML 2000-25: 203K REHABILITATION MORTGAGE PROGRAM

# RESOURCES



- ML 1992-33 CLARIFICATIONS AND MODIFICATIONS TO 203(K)
- ML 1994-11 REVISIONS TO 203(K) REHAB MORTGAGE PROGRAM
- ML 1995-40 REVISIONS TO SF 203(K) REHAB MORTGAGE PROGRAM
- ML 1995-46 EXPANSION OF THE ENERGY EFFICIENT MORTGAGE PROGRAM
- ML 1996-21 USING 203(K) MORTGAGE INS. WITH GRANT PROGRAMS
- ML 1996-52 NON-PROFIT AGENCIES AS MORTGAGORS
- ML 1996-59 MORATORIUM ON INVESTOR LOANS IN CONJUNCTION WITH THE 203(K)
- ML 1997-05 REVISED ESCROW COMMITMENT PROCEDURE
- ML 1998-02 COMBINING EEM AND 203 (K)
- ML 1998-11 CONCERNS ABOUT 203(K) UNDERWRITING, LOAN PROCESSING
- ML 2000-08 NONPROFIT AGENCY PARTICIPATION IN SF FHA ACTIVITIES
- ML 2000-25 203(K) MORTGAGE PROGRAM – SF LOAN PRODUCTION
- ML 2002-01 NONPROFIT PARTICIPATION IN FHA SINGLE FAMILY ACTIVITIES – NEW REQUIREMENTS AND RESTRICTIONS
- ML 2005-50 ENHANCEMENTS TO STREAMLINE K LIMITED REPAIR PROGRAM



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## Q&A: Rehabilitation 203(k) Mortgage Insurance

### ACCEPTABLE PROPERTY TYPES

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### ACCEPTABLE PROPERTY TYPES

**Does the rehabilitation construction have to comply with HUD's Minimum Property Standards?** Yes. The improvements must comply with HUD's Minimum Property Standards (24 CFR 200.926d and/or HUD Handbook 4905.1) and all local codes and ordinances. <[back to top](#)>

### Is the Section 203(k) program restricted to single-family dwellings?

No. The program can be used for one-to-four unit dwellings. Maximum mortgage limitations are the same as for properties under Section 203(b). <[back to top](#)>

### Can Section 203(k) be used to improve a condominium unit?

Yes, however, condominium rehabilitation is subject to the following conditions:

**A. Owner/occupant and qualified nonprofit borrowers only;**

**B. Rehabilitation is limited only to the interior** of the unit. Mortgage proceeds are not to be used for the rehabilitation of exteriors or other areas

### Want More Information?

[SUBSCRIBE](#) to the Single Family Housing email list. You will get frequent updates to the HOC Reference Guide, training and event announcements, mortgagee letters and notices about your Single Family business.

# FREQUENTLY ASKED QUESTIONS



- CAN COST SAVINGS ON THE REHABILITATION BE GIVEN BACK TO THE BORROWER?
- DO I NEED 2 APPRAISALS?
- CAN SECTION 203(K) BE USED TO IMPROVE A CONDOMINIUM UNIT?
- CAN AN INVESTOR USE THE 203(K) PROGRAM?
- HOW DO I FIND AN FHA APPROVED LENDER WHO PARTICIPATED IN THE 203(K) PROGRAM