

AFR Building on Own Land Maximum Mortgage Worksheet 1/01/11

Borrower already owns the land or is buying the land separately

1.			MORTGAGE AMOUNT BASED ON MAXIMUM COUNTY LIMITS
	\$		

2.			Appraised Value x Applicable Maximum Loan-to-Value Percentage: 96.5% for purchase transactions
	\$		

3.			MORTGAGE AMOUNT BASED ON TOTAL COST OR ITEMIZED VALUE	
	a.		\$	= Unit Cost \$_____ (including cost to install on foundation, well, septic etc.) + Land \$_____ * (if gifted give \$0 value; < 6 mos. use purchase price; > 6 mos use value from appraisal)
			OR	= Combined Construction Hard Costs \$_____ + Soft Costs \$_____ + Land \$_____ *see above
	b			Total cost or Itemized Value \$_____**
				- X 3.5% Required Investment
\$		= Loan Amount Based on Total Cost of Itemized Value 3a. – 3b.		

MAXIMUM INSURABLE MORTGAGE

	LESSER OF 1; 2 OR 3		
	\$		Maximum Mortgage BEFORE UFMIP

***IF THERE IS ANY CASH BACK TO THE BORROWERS IN EXCESS OF \$500, YOU MUST DOCUMENT THAT THE BORROWER HAS “PAID” FOR THESE EXPENSES, I.E. DOWN PAYMENT, PREPAID UPGRADES ETC., AND MUST SHOW THEM CLEARING THEIR ACCOUNT WITH DOCUMENTED SOURCE OF FUNDS.**

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Additional Notes:

- Borrowers must have 3.5% of their own money invested into the transaction (gifts are not allowed for initial 3.5%).
- Trade Equity is not permitted.
- If property is an inheritance can utilize value as borrower's 3.5% equity.
- The borrower may not receive cash at closing exceeding \$500*see Pg.1.
- HUD-1 or Title for the land is required to evidence owned for at least six months.
- State in the remarks section of the 1008 that this is for a Build On Own Land
- FHA case number is ordered as a **purchase** in FHA Connection.
- The amounts listed on the contract and the construction costs, interest, etc., should be itemized and should match those used on the 1003 and on the HUD-1.
- Submit as a **purchase** in FHA Scorecard
- Only liens on the Land can be paid off with proceeds (current "real property" liens cannot be incl.)
- Appraisal Comparables must include at least two closed, non-Dealer comparables.
- Properties with excessive land values may not be acceptable (typically more than 30% of total value)
- Manufactured Homes located in Flood Zone are not permitted.
- Initial and final inspections must be completed by FHA Compliance inspectors using HUD-92051.
- The property must be classified or taxed as real property and any personal property titles must be purged, pursuant to applicable State law requirements.
- **All inspections and other documents required for new construction are required.**
- **Engineers Certification on Foundation Compliance.**
- **Termite NPCA 99a and 99b.**
- **Well/Septic – Local Health Authority well water analysis or septic report, where applicable**