

**MAXIMUM MORTGAGE CALCULATION FOR CONSTRUCTION TO PERM-FHA**

The Borrower must be purchasing the land at the closing of the construction loan, or have owned the land for six months or less at the date of case number assignment.

The maximum mortgage amount is calculated using the appropriate purchase Loan-to-Value (LTV) percentage of the **lesser** of the appraised value or the documented Acquisition Cost.

(A) Total builders price per purchase contract

(B) Borrower-paid extras over and above the contract specifications and/or out-of-pocket expenses not included in the builder's price to build;

(C) Cost of the land: {if already owned, or with an acceptable gift documentation, the appraised value of the land may be used instead of the cost}

(D) Closing costs associated with any interim financing of the land.

Appraised Value

Total Acquisition (Effective Purchase Price) – Sum of A-D

Final Adjusted Value (Lower of Appraised Value or Total Acquisition)

Maximum Mortgage Amount based off allowable Loan to Value

The maximum mortgage amount is calculated using the appropriate purchase Loan-to-Value (LTV) percentage of the **lesser** of the appraised value or the documented Acquisition Cost.

**MAXIMUM MORTGAGE CALCULATION FOR BUILD ON OWN LAND-FHA all property types
CONV /USDA Manufactured homes only**

*Building on Own Land refers to a product used to finance the construction of a dwelling on land already owned by the Borrower.
Note: FHA 203B, land must be owned for 6 months or more from case assignment.*

The Mortgagee must use the **lesser** of the Property Value or the documented Acquisition Cost to determine the Adjusted Value/Appraised Value.

(A) Builder's price or the sum of all subcontractor bids and materials; If the Property being constructed is Manufactured Housing, the builder's price to build must include the sum of the cost of the unit(s) and all on-site installation costs

(B) Value of the land as shown in the site value of the appraisal. Note: Conventional/USDA transactions where land is owned less than 12 months, acquisition cost will be used in lieu of site value.

Total Acquisition (Effective Purchase Price)- Sum of A+B

Appraised Value

Final Adjusted Value (Lower of Appraised Value or Total Acquisition)

Maximum Mortgage Amount based off allowable Loan to Value

Maximum Allowable Loan to Value