

**Building on Own Land Maximum Mortgage - Worksheet #5
(4155.1, 2.B.5.d)**

Borrower already owns the land or is buying the land separately

Use the Maximum Mortgage Worksheet for 92900-LT

5-A	\$		Builder's price or sum of subcontractor's bids, materials, construction costs, etc. (included in this figure is borrower's own cash expended)
			Cost of Land if owned less than 6 months or Value, whichever is less. (if owned more than 6 months or received as an acceptable gift, value may be used instead of cost) (Date of acquisition must be verified by the old HUD-1 or other recorded documents)
		+	Interest/other construction loan costs associated with loan obtained by the borrower to fund construction of the property (Itemized verification of these costs is required)
	\$	=	Total Adjusted Acquisition Cost of the Property
			Statutory Investment Requirement (5a X 0.035)

5-B	\$		Appraised Value
------------	----	--	------------------------

	\$		The lower of 5-A or 5-B above goes here
X	96.5%		96.5% when closing costs are included and financed in acquisition cost.
OR X	90%*		*90% New construction that is not eligible for maximum financing
OR X	85**		**85% If borrower receives cash back above \$250
5-C	\$		Max. Mortgage basis before UFMIP

EQUITY CALCULATION			
5-D	\$		Builder's price or sum of subcontractor's bids, materials, construction costs, etc. (same figure as in 5A calculation)
		+	Payoff (land and/or Improvements)
		-	Borrower's own cash expended (canceled checks and receipts required)
		+	Interest/other construction loan costs associated with the loan obtained by the borrower to fund construction of the property (Itemized verification of these costs is required)
	\$	=	

**Building on Own Land Maximum Mortgage - Worksheet #5
(4155.1, 2.B.5.d)**

Final Loan Amount Calculation

<p>Maximum Base Loan Amount is the <u>Lower of</u> 5C or 5D – The only time that 5C (using the 85% calculation) can exceed 5D and be used as base loan amount is when the land was acquired over 6 months ago, and borrower has at least 15% equity in transaction.</p>		
<u>5-E</u>	\$	Maximum Mortgage BEFORE UFMIP

Additional Notes:

- FHA case number is ordered as a **purchase** in the FHA Connection.
- Submit as a **purchase** in FHA Scorecard
- ****If the borrower receives cash at closing exceeding \$250, the loan is limited to 85% of the sum of the appraised value. Replenishment of the borrower’s own cash expended during construction is not considered as “cash back” provided the borrower can substantiate with canceled checks and paid receipts all out-of-pocket funds used for construction.**
- **All inspections and other documents required for new construction are required here.**