# Home Flex Limited 203k

| **Description:** | • NHHFA/FHA’s Limited 203k program permits homebuyers to finance up to an additional $35,000 into their mortgage to improve or upgrade the purchase of their primary owner occupied residence. |
| **Term:** | 30 years |
| **Interest Rate:** | • Daily Home Flex rates, including Home Flex Plus. If combining with Home Flex Plus, Homebuyer Education is mandatory.  
• Established daily and published on [www.nhhfa.org](http://www.nhhfa.org), [www.GoNHHousing.com](http://www.GoNHHousing.com) |
| **Loan Purpose:** | Purchase of a primary residence  
**Occupancy:** Must be owner occupied |
| **Eligible Borrowers:** | • Any borrower who would qualify for New Hampshire Housing and FHA  
• Non-occupant co-borrower allowed per FHA requirements  
• Non-borrower title holders is acceptable – if allowed by mortgage insurer  
• Borrower must complete Purchase Rehab education found at [www.GoNHHousing.com](http://www.GoNHHousing.com) |
| **Eligible Properties:** | • Single- and two- unit owner occupied properties only  
• No acreage requirement on loan when combined with MCC max 5 acres  
• HUD owned properties are allowed  
• Condos, interior only  
• Manufactured housing is not eligible |
| **Minimum Cash Investment: Cash Back:** | • Per FHA requirements  
• Cash back allowed per FHA requirements, not to exceed borrower contribution |
| **Maximum Mortgage:** | Maximum Base Mortgage Calculation Limited 203k program per HUD Handbook 4000.1 |
| **Income Limit:** | • Income limits as published by New Hampshire Housing for borrower(s) only |
| **Underwriting/Ratios:** | • **Min 620 FICO, all borrowers**  
• Approve/Eligible  
• Any DTI over 50% requires approve/eligible findings and a minimum credit score of 680  
• FHA Refers are acceptable, require a manual underwrite, if a credit score available must be at least 620  
• Seller contributions – per FHA guidelines |
| **Appraisal Requirements:** | • Interior/Exterior photos required with full URAR  
• Standard FHA and additional Limited 203k appraisal requirements  
• Repair costs must be reported by the appraiser  
• Appraisal must reflect “as complete” value |
| **Disbursements:** | • Please refer to disbursement instructions for reservations as of 4/1/14. Information can be found on the web at [www.nhhfa.org](http://www.nhhfa.org).  
• If contractors wish to have disbursements at different times additional final inspection and title update fees will be applied |
| **Max Repair Cost:** | $35,000 (Total Rehab Costs per Max Base Mortgage Calculation worksheet) including contingency and fees |
| **Rehab Period:** | • Rehab construction must begin with 30 days of closing and be completed per FHA guidelines within 180 days of closing |
| **Fees:** | • A Supplemental Origination Fee of the greater of $350 or 1.5% of Line B10 (Rehab Amount) on the Max Mortgage Worksheet (HUD-92700) plus title update fee and final inspection fee |
| **Pre-Approval Requirements:** | All rehab work needs to be pre-approved prior to scheduling a closing. Please allow at least 48 hours turnaround time. |
| **Pre-Approval:** | • Complete purchase and sales agreement  
• Appraisal, must reflect “as complete” value |
### Required Documents:
- Completed Homeowner/Contractor Agreement(s), contractor may not be a relative
- All cost estimates must clearly state the nature and type of repair and the cost for completion
- 203k Borrower Acknowledgment (HUD-92700A)
- Limited 203k Mortgage Calculation Worksheet
- Work plan from borrowers detailing proposed repairs
- Completed contractor approval worksheet(s)
- General Liability Insurance Binder
- W-9’s
- All cost estimates must clearly state the nature and type of repair and the cost for completion to include:
  - Each line item must break out cost for labor and materials
  - Be as specific as possible in describing brand, size, amount, etc.
- No more than 2 payments may be made per contractor for each specialized item of work performed
- Letter from contractor(s) requesting 50% disbursement at closing
- Rehab Homebuyer Education acknowledgement page signed by all borrowers. Education can be found at [www.GoNHHousing.com](http://www.GoNHHousing.com).

### Upon Completion:
- Once all work is complete, the following forms must be submitted for final disbursement:
  - Mortgagor’s Letter of Completion
  - Final invoices from all contractors and subcontractors
  - Final title update
  - Executed final Owners Loan Disbursement Affidavit
  - Executed final Contractors Loan Disbursement Affidavit
  - Compliance Inspection Report (FHA’s final evidencing 100% complete)

### Allowable Repairs:
- Eliminating health and safety hazards that would violate HUD’s MPR
- Repairing or replacing wells and/or septic systems (well needs 100% cushion)
- Connecting to public water and sewage systems
- Repairing/replacing plumbing, heating, AC and electrical systems
- Making changes for improved functions and modernization
- Eliminating obsolescence
- Repairing or installing new roofing, provided the structural integrity of the structure will not be impacted by the work being performed; siding; gutters; and downspouts
- Making energy conservation improvements
- Creating accessibility for persons with disabilities
- Installing or repairing fences, walkways, and driveways
- Installing a new refrigerator, cooktop, oven, dishwasher, built-in microwave oven and washer/dryer
- Repairing or removing an in-ground swimming pool
- Installing smoke detectors
- Installing, replacing or repairing exterior decks, patios, and porches
- Covering lead-based paint stabilization costs (above and beyond what is paid for by HUD when it sells REO properties) if the Structure was built before 1978, in accordance with the Single-Family mortgage insurance
- Lead-based paint rule and EPA’s Renovation, Repair, and Painting Rule
- Mold Remediation is now allowed with a total contingency of 20%
- **All repairs need to be completed within 180 days of closing. Any repairs not listed are ineligible.**
Ineligible Repairs:

- The Limited 203k mortgage proceeds may not be used to finance major rehabilitation or major remodeling. FHA considers a repair to be “major” when any of the following are applicable:
  - The repair or improvements are expected to require more than six months to complete
  - The rehabilitation activities require more than two payments per specialized contractor
  - The required repairs arising from the appraisal:
    - Necessitate a Consultant to develop a specification of repairs/Work Write-Up; or
    - Require plans or architectural exhibits; or
    - The repair prevents the Borrower from occupying the Property for more than 15 Days during the rehabilitation period.

- Additionally, the Limited 203k mortgage proceeds may not be used to finance the following specific repairs:
  - Converting a one-family Structure to a two-, three- or four-family Structure
  - Decreasing an existing multi-unit Structure to a one- to four-family Structure
  - Reconstructing a Structure that has been or will be demolished
  - Repairing, reconstructing or elevating an existing foundation
  - Purchasing an existing Structure on another site and moving it onto a new foundation
  - Making structural alterations such as the repair of structural damage and new construction, including room additions
  - Landscaping and site improvements
  - Constructing a windstorm shelter
  - Making additions or alterations to support commercial use or to equip or refurbish space for commercial use; and/or making recreational or luxury improvements, such as:
    - New swimming pools; An exterior hot tub, spa, whirlpool bath, or sauna;
    - Barbecue pits, outdoor fireplaces or hearths; Bath houses; Tennis courts;
    - Satellite dishes; Tree surgery (except when eliminating an endangerment to existing improvements)

Water Test Requirement:
- Water test required on private water source. Test to include Ecoli, Total Coliform, Lead, Nitrate and Nitrite. Any other primary parameter tested must pass.

Septic Test:
- Community Wells: we will need a copy of the most recent water test
- Dug Well: must meet insurer requirements as well as test requirements listed above.
- Well and septic must be sited on the property being financed.
- CONDEX: with shared well and septic will need acceptable tests for both systems and a hold harmless stating the borrower is aware they are responsible for those systems.

Homeowners Insurance:
- Max deductible is the higher of $1,000 or 1% of face amount of policy, when allowed by the insurer we will take into consideration value of out buildings.
- CONDO: Must have master policy. If no walls in coverage and/or deductible is $5,000 or more an HO6 will be required.
- We will escrow for the HO6 only if requested by the borrower.

*IMPORTANT*
- We DO NOT participate in MERS
- Loans cannot be closed in a trust (NHHFA policy)
- Escrows for property taxes, hazard insurance, flood insurance and mortgage insurance are required on every New Hampshire Housing loan.