FHA MORTGAGEE NO.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

Form Approved
Budget Bureau No. 63R-1087.1

FHA CASE NO.

STATEMENT OF APPRAISED VALUE FOR A MORTGAGE TO BE INSURED UNDER THE NATIONAL HOUSING ACT

☐ SEC. 203(b) ☐ SEC.

PROPERTY ADDRESS

MORTGAGEE

ESTIMATED FHA VALUE

(☐ *Replacement Cost Sec. 213 or 220)*

Value *(Excl. Cl. Costs)* . . $ ________

Closing Costs . . . . $ ________

FHA VALUE . . . . . . $ ________

MONTHLY ESTIMATES

Fire Ins. . . . . $ ________

Taxes . . . . . . $ ________

Main. & Repairs $ ________

Heat & Utilities $ ________

STATEMENT ISSUED BY *(Authorized Agent)*

DATE THIS COMMITMENT

Issued: 196

Expires: 196

DEFINITION OF APPRAISED VALUE

The Federal Housing Commissioner has valued the above identified property for mortgage insurance purposes in the amount shown. FHA's estimate of "Value" or "Replacement Cost" (Section 213 or 220) does not fix a sales price; does not indicate FHA approval of a purchaser of the property; nor does it indicate the amount of an insured mortgage that would be approved.

"Value" is an estimated total price of a property, excluding payments for closing costs and prepaid expenses such as taxes and insurance. Value assumes the property is held in fee simple without special assessments.

"Replacement Cost" is an estimate of the current cost to reproduce the property including land, labor, site survey and marketing expense but excluding payments for prepaid expenses such as taxes and insurance and closing costs.

"FHA VALUE" is the sum of the estimate for "value" or "replacement cost" and the FHA estimate of closing costs, such as survey, title evidence, recording fees, etc. Under those sections of the National Housing Act (such as 213 or 220) where the maximum mortgage amount must be based on estimated replacement cost, the "FHA Value" shall be deemed to mean "replacement cost" for mortgage insurance purposes.

The law requires that FHA mortgagors receive a statement of "appraised value" prior to the sale of the property. If the sales contract has been signed before the mortgagor receives such a statement, the contract must contain, or must be amended to include, the following language:

"It is...agreed that,....the purchaser shall not be obligated to complete the purchase...or to incur any penalty...unless the seller has delivered to the purchaser a written statement... setting forth...the value of the property for mortgage insurance purposes not less than $________. The purchaser shall have the privilege...of proceeding with...this contract without regard to the amount of the...valuation."

ADVICE TO HOME BUYERS

ADVANCE PAYMENTS---Make extra payments when able. You pay less interest and have your home paid for sooner. Notify the lender in writing at least 30 days before the regular payment date on which you intend to make an advance payment.

DELINQUENT PAYMENTS--Monthly payments are due the first day of each month and should be made on or before that date. The lender may make a late charge up to 2 cents for each dollar of any payment more than 15 days late. If you fail for 30 days to make a payment, or to perform any other agreement in the mortgage, your lender may foreclose. You could lose your home, damage your credit, and prevent your obtaining further mortgage loans. If extraordinary circumstances prevent your making payments on time, see your lender at once. If you are temporarily unable to make your payments because of illness, loss of job, etc., your lender may be able to help you. Ask your lender to explain FHA's forbearance policy. **YOUR CREDIT IS AN IMPORTANT ASSET; DON'T LOSE IT THROUGH NEGLECT.**

ADJUSTED PREMIUM CHARGE---If you make extra payments in any year of more than 15% of the original mortgage amount, you may have to pay an adjusted premium charge. This charge is 1% of the original mortgage. FHA is authorized to charge a premium of not less than ¼ of 1% nor more than 1% per year, but has set the premium at ½ of 1% assuming it will be paid over the whole mortgage term. When a mortge is paid off in advance, the premiums collected do not cover FHA st and an adjusted premium is charged to offset the loss. If this charge were not made, the premium would have to be higher. An adjusted premium is not made if a new FHA mortgage is placed on the property, or if the FHA insurance is in force for 10 years or longer.

TAXES, ASSESSMENTS, AND INSURANCE---Send your lender bills for taxes, special assessments, or fire insurance that come to you. The fire insurance the lender requires you to carry usually covers only the balance of the loan. Check this with your lender. You may wish to take out additional insurance so that if the house is damaged your loss will be covered as well as the lender's. If your home is damaged by fire, windstorm, or other cause, write your lender at once. Taxes for the coming year can't be known until the bills are received. If they exceed the amount accumulated from your payments, you will be asked to pay the difference. If they are less, the difference will be credited to your account. The same is true of fire insurance. Some States allow homestead or veteran's tax exemptions. Apply for any exemption to which you may be entitled. When it is approved, notify your lender.

CLOSING COSTS - In the heading is FHA's estimate of anticipated closing costs, such as fees for preparation of mortgage instruments, attorneys' fees, title insurance, origination fees and documentary stamp taxes. The estimate does not include charges for such prepayable items as taxes, fire insurance.

BUILDER'S WARRANTY--When FHA approves plans and specifications before construction, the builder is required to warrant that the house conforms to FHA approved plans. This warranty is for 1 year following the date on which title is conveyed to the original buyer or the date on which the house was first occupied, whichever occurs first. If during the warranty period you notice defects for which you believe the builder is responsible, ask him in writing to correct them. If he fails to do so, notify the FHA insuring office in writing. Mention the FHA case number shown in the heading. If inspection shows the builder to be at fault, the FHA will try to persuade him to make correction. If he does not, you may seek legal relief under the builder's warranty. Most builders take pride in their work and will make justifiable corrections. They cannot be expected to correct damage caused by ordinary wear and tear or by poor maintenance. Keeping the house in good condition is the owner's responsibility.

OPERATING EXPENSES--In the heading are FHA estimates of monthly costs of taxes, heat and utilities, fire insurance, maintenance and repairs. The estimated figures will probably have to be adjusted when you receive the actual bills. **BEAR IN MIND THAT IN MOST COMMUNITIES TAXES AND OTHER OPERATING COSTS ARE INCREASING.** The estimates should give some idea of what you can expect the costs to be at the beginning. In some areas FHA's estimate of taxes may also include local charges such as sewer charges, garbage collection fees, water rates, etc.

IF YOU SELL---If you sell while the mortgage exists, the buyer may finance several ways. Understand how these arrangements may affect you. Consult your lender.

1. You may sell for all cash and pay off your mortgage. This ends your liability.
2. The buyer can assume the mortgage and pay the difference between the unpaid balance and the selling price in cash. If the FHA and the lender are willing to accept the buyer as a mortgagor, you can be released from further liability. This requires the specific approval of the lender and the FHA.

(EITHER OF THE ABOVE TWO METHODS IS PREFERABLE TO METHOD NUMBER 3.)

3. The buyer can pay the difference in cash and purchase subject to the unpaid mortgage balance. FHA or lender approval is not necessary **BUT YOU REMAIN LIABLE FOR THE DEBT. IF THE BUYER DEFAULTS, IT COULD RESULT IN A DEFICIENCY JUDGMENT AND IMPAIR YOUR CREDIT STANDING.**

THE COST OF BORROWING

When you borrow to buy a home, you pay interest and other charges which add to your cost. A larger downpayment will result in a smaller loan. Borrow as little as you need and repay in the shortest time. If you borrow $10,000 at 6%, the monthly payment to principal and interest is $11.70 less for a 30-year loan than it would be for a 20-year loan; but in 30 years you pay $4,373.25, or 62% more interest than in 20 years.

The tables show the monthly payments, interest and mortgage insurance for some typical loans at 6%. Taxes and fire insurance are not shown in the tables, although they are included in your monthly payments.

MONTHLY PAYMENTS, PRINCIPAL & INTEREST, MORT. INS. PREMIUM, TOTAL INTEREST & MORT. INS. PREMIUMS PAID @ 6%

Term	$10,000-LOAN				$15,000-LOAN				$20,000-LOAN			
	Prin. & Int. Mo. Payt.	Total Int.	Mtg. Ins. Premium Mo. Payt.	Mtg. Ins. Premium Total	Prin. & Int. Mo. Payt.	Total Int.	Mtg. Ins. Premium Mo. Payt.	Mtg. Ins. Premium Total	Prin. & Int. Mo. Payt.	Total Int.	Mtg. Ins. Premium Mo. Payt.	Mtg. Ins. Premium Total
20 Yrs.	$71.70	$ 7,181.56	$4.12	$598.48	$107.55	$10,772.34	$6.17	$ 897.72	$143.40	$14,363.11	$8.23	$1,196.96
25 "	64.50	9,301.51	4.13	775.14	96.75	13,952.27	6.20	1,162.71	129.00	18,603.02	8.27	1,550.28
30 "	60.00	11,554.81	4.14	962.90	90.00	17,332.22	6.21	1,444.35	120.00	23,109.63	8.29	1,925.80

SEND TO MORTGAGEE FOR DELIVERY TO HOME BUYER