

(iii) Was completed more than one year prior to the date of the application for mortgage insurance, or

(iv) Is covered by a consumer protection or warranty plan acceptable to the Secretary and satisfies all requirements that would have been applicable if such dwelling had been approved for mortgage insurance before the beginning of construction. After August 6, 1991, any consumer protection or warranty plan must meet the requirements of §§ 203.200–203.209 of this chapter.

(3) If the conditions of paragraph (a)(2) of this section are not met, the amount of the mortgage shall not exceed 90 percent of the amount computed under paragraph (a)(1) of this section.

(4) If the mortgagor is to occupy the dwelling as a secondary residence (as defined in paragraph (c)(2) of this section), the mortgage may not exceed 85 percent of the Commissioner's estimates referred to in paragraph (a)(1) (i) or (ii) of this section, as appropriate.

(b) *Mortgagors of dwellings that are not principal or secondary residences.* A mortgage executed by an eligible non-occupant mortgagor (as that term is defined in paragraph (c) of this section), who will use the insured loan proceeds to facilitate the construction or the repair or rehabilitation of the dwelling and to provide financing pending the subsequent resale of the property to a qualifying mortgagor under this subpart, may not exceed the lesser of (1) the Commissioner's estimates referred to in paragraph (a)(1) (i) or (ii) of this section, as appropriate, or (2) the value of the property as of the date the mortgage is accepted for insurance.

(c) *Definitions.* As used in the section, the terms *principal residence*, *secondary residence*, *eligible non-occupant mortgagor*, *undue hardship*, and *vacation home* are defined in § 203.18(f) of this chapter.

[36 FR 24587, Dec. 22, 1971, as amended at 45 FR 46378, July 10, 1980; 47 FR 33495, Aug. 3, 1982; 54 FR 39525, Sept. 27, 1989; 55 FR 34809, Aug. 24, 1990; 55 FR 41024, Oct. 5, 1990; 58 FR 41005, July 30, 1993; 61 FR 60160, Nov. 26, 1996]

**§ 221.21 Maximum mortgage amount—limitations on refinancing.**

In addition to the limitations set forth in §§ 221.10, 221.11, and 221.20, in

any case involving refinancing, the mortgage shall not exceed the estimated cost of repair and rehabilitation and the amount, as determined by the Commissioner, required to refinance the existing indebtedness secured by the property.

**§ 221.40 Amortization period of the mortgage.**

The mortgage shall contain complete amortization provisions satisfactory to the Secretary and an amortization period not in excess of the term of the mortgage.

[45 FR 29278, May 2, 1980, and 48 FR 12085, Mar. 23, 1983]

**§ 221.50 Mortgagor's minimum investment.**

(a) At the time the mortgage on a single-family dwelling is insured, a mortgagor other than a mortgagor qualifying as a "displaced family" (as that term is defined in section 221(f) of the Act) shall have paid in cash or its equivalent at least 3 percent of the Commissioner's estimate of the acquisition cost of the property.

(b) At the time the mortgage on a two-, three-, or four-family dwelling is insured, a mortgagor other than a mortgagor qualifying as a displaced family shall have paid in cash or its equivalent at least the minimum amount required pursuant to the loan-to-value limitations as set forth below.

(1) *Loan-to-value limitation—principal residences—approval before construction.* If the mortgage covers a dwelling that is to be occupied as a principal residence (as defined in § 221.20(c)(1)) and is approved for mortgage insurance before the beginning of construction, or was completed more than one year before the date of the application for mortgage insurance, the sum of the following percentages of the Commissioner's estimate of the appraised value of the property as of the date the mortgage is accepted for insurance constitutes the maximum loan-to-value ratio:

(i) 97 percent of the first \$25,000 of such value.

(ii) 95 percent of such value in excess of \$25,000.

(iii) 80 percent of such value in excess of \$35,000.