

YOUR QUICK GUIDE TO

RENOVATION LOANS



WALTER "BO" SMITH, JR.

Mortgage Officer | NMLS 92100

MS 601.982.1153 | TX 713.244.5265 | LA 504.613.6355

C 601.624.3267 | bosmith@houseloan.com

www.BoKnowsMortgages.com



BoSMITHTEAM
BoKnowsMORTGAGES.COM



1000 Highland Colony Parkway, Suite 5203, Office 217 | Ridgeland, MS 39157
Branch NMLS 116346 | Company NMLS 2258

PROGRAM	FHA 203(K) LIMITED	FHA 203(K) (FULL)	FNMA HOMESTYLE	FNMA POSTPONED IMPROVEMENTS
Loan Type	FHA		CONVENTIONAL	
Eligible Improvements	Health, safety, livability, cosmetic; no structural or luxury items	Health, safety, livability, structural; no luxury items	Health, safety, livability, structural; luxury items allowed	Cosmetic; luxury items allowed
Minimum Repair Amount	None	\$5,000	None	None
Maximum Repair Amount	\$35,000 (escrow amount)	Must be under the FHA county limit	75% of the after-improved value	25% of the after-improved value (up to 15% may be financed)
Maximum Loan Amount	FHA county loan limit	FHA county loan limit	Conventional conforming limit	Conventional conforming limit
Type of Transaction	Purchase or rate/term refinance	Purchase or rate/term refinance	Purchase or limited cash-out refinance	Purchase
Age of Property	At least 1 year old at case assignment	At least 1 year old at case assignment	No age requirement	No age requirement
Contractors	Up to 3	Licensed Contractor	Licensed Contractor	Licensed Contractor
Type of Occupancy	Owner-occupied	Owner-occupied	Owner-occupied Second home Investment	Owner-occupied Second home
Number of Units	1 to 4	1 to 4	1 to 4 (Owner-occupied) 1 (Second Home, Investment)	1
Contingency Reserve	10%; lender discretion 15% if vacant Health, safety, and unforeseen deficiencies only	10 - 20%; HUD Consultant discretion Health, safety first; unforeseen deficiencies	10 - 15% required when utilities not turned on Health, safety first, then borrower's discretion; must be permanently affixed	20% must be paid in cash by borrower at closing (cannot be financed) Unforeseen deficiencies
Escrow Mortgage Payments	Not allowed	Up to 6 months for months property will not be habitable during renovations	Up to 6 months for months property will not be habitable during renovations	Not allowed
Timeline for Repairs	Up to 6 months Must begin within 15 days of closing No extensions	Up to 6 months Must start within 30 days of closing Weather-related extensions allowed	Up to 6 months	Up to 6 months
Loan-To-Value - Purchase/Refi Based on after-improved value	Purchase: Purchase price + total rehab costs or 110% of the after-improved value, whichever is lesser. Refinance: 97.75%.	Purchase: Purchase price + total rehab costs or 110% of after-improved value, whichever is lesser. Refinance: 97.75%.	Purchase: Owner-occupied: 97% (1-unit), 85% (2-units), 75% (3-4 units) Non-owner-occupied: 80% Investment (1-unit), 90% Second Home Refinance: 75%	Purchase: Owner-occupied: 95% Second home: 90%
WHY CHOOSE THIS PROGRAM?	You are buying a home that needs minor repairs that total less than \$35,000 and have limited cash on hand.	You are buying a house that needs major repairs (over \$35,000) and you have limited cash on hand.	You are buying an existing home that needs repairs or want to make an addition to the home.	You are buying a new home and want to add a pool or upgrade your landscaping. You are buying an existing home and you want to update a bathroom, the kitchen, flooring.

*FNMA Postponed Improvements Program is not for completion of property. Prior to closing, new or proposed construction must have a Certificate of Occupancy and/or final inspection to document completion of property minus proposed improvement. The HomeStyle Renovation Mortgage is a Fannie Mae program and has conventional loan requirements. Not a commitment to lend. Borrower must meet qualification criteria.