

FNMA HomeStyle Renovation

Available for Purchase or Refinance

guaranteedRate[®]

The Home
Purchase Experts[™]

FNMA HomeStyle Loan Program

- Owner occupied
 - SFR
 - Townhome / PUD
 - Condo (must be warrantable)
 - 2, 3, and 4 unit multi-family homes
- Second Home - 1 unit only
 - SFR
 - Townhome / PUD
 - Condo (must be warrantable)
- Investment - 1 unit only
 - SFR
 - Townhome / PUD
 - Condo (must be warrantable)

FNMA HomeStyle Loan Program

- HUD consultant write up may be need. List of consultants will be provided by GRI.
- HUD Consultant required for any structural project or cosmetic repairs over \$50,000 inclusive of draws, inspections, permits, contingency reserves, title update, and architectural fees.
- Contractor and Consultant Write up along with architectural sketch required to order appraisal and get loan approval (major renovation projects)
- Work must be started in 30 days, no lapse in work for more than 30 days
- Work must be completed within 6 months
- All loans must Pass High Cost Test

Eligible Property

Eligible properties:

- 1-4 Family
- Condos-FNMA Warrantable
 - HOA must provide letter approving renovation project
- Townhomes treated as SFH
- Conversion of multi-unit dwelling decreasing the number of units (zoning must allow prior to close)
- Conversion of single family dwelling increasing the number of units (zoning must allow prior to close)
- Mixed Use

Ineligible Property

Ineligible properties:

- Cooperative units
- Non-Warrantable condos

Eligible Improvements

- Repairs or improvements must be permanently affixed to the real property and add value to the property
- Total renovation costs cannot exceed 75% of the after-improved value.

Max Loan Limits: HomeStyle Vs. FHA

As of January 1, 2018

<i>Loan Limits</i>	<i>FHA</i>	<i>FNMA Conforming</i>
Single Family	\$365,700	\$453,100
Two-Family	\$468,150	\$580,150
Three-Family	\$565,900	\$701,250
Four-Family	\$703,250	\$871,450

*For Cook County and collar counties only. Loan limits can vary by county.

**Conforming High Balance loan limits can vary by county.

FHA 203k	Fannie Mae HomeStyle
3.5% down SFH, condo, townhome 2 – 4 unit Owner Occupied	SFH, condo, townhome 5% down 2 unit 15% down 3 – 4 unit 25% down
2 nd home not allowed	Second home allowed – 1 unit only 90% LTV
Investor not allowed	Investor allowed – 1 unit only 85% LTV - Conforming & High Balance loan limits
Non-owner occupied co-borrower allowed	Non-owner occupied co-borrower allowed
No max DTI > 50% DTI with 2 comp factors, Requires DU approval	50% DTI or DU Approval
UMIP 1.75%	No UMIP
Monthly MI .85% typically	Monthly PMI .50% typically (varies based on LTV and Credit score)
HUD Minimum Property Standards required	No HUD Minimum Property Standards
FHA HUD Consultant required for any structural project or cosmetic repairs over \$35,000 inclusive of draws, inspections, permits, contingency reserves, title update, and architectural fees. *FHA consultant highly recommended for Limited 203k	HUD Consultant required for any structural project or cosmetic repairs over \$50,000 inclusive of draws, inspections, permits, contingency reserves, title update, and architectural fees.
3-4 unit properties must pass self-sufficiency test	No self-sufficiency test required
Mixed Use Properties allowed	Mixed Use Properties NOT allowed

FNMA HomeStyle Renovation Eligibility Matrix

Purchase and Refinance Transactions

Fixed Rate	Standard Conforming Limit			
	Primary Residence	Second Home	Investment <i>Purchase</i>	Investment <i>Refinance</i>
MIN FICO**	620	700	720	720
1 Unit	*95%	90%	85%	75%
2 Unit	*85%	N/A	N/A	N/A
3 & 4 Unit	75%	N/A	N/A	N/A

Fixed Rate	High Balance Mortgage Loans			
	Principle Residence	Second Home	Investment <i>Purchase</i>	Investment <i>Refinance</i>
MIN FICO**	680	700	720	720
1 Unit	*95%	90%	N/A	N/A
2 Unit	85%	N/A	N/A	N/A
3 & 4 Unit	75%	N/A	N/A	N/A

*Mortgage insurance required

**On a case-by-case basis a lower FICO score may be approved by Renovation Division Manager. Contact the Renovation Department directly for exception request.

- DU findings may require additional reserve funds.
- For refinances, borrower cannot receive any cash back at closing.
- **No more than 4 total financed properties, including the borrower's primary residence, when purchasing 2nd home or investment property.**
 - **Multi-unit properties count as 1 financed property.**
 - **A 1st mortgage and 2nd mortgage on the same property counts as 1 financed property**

FNMA HomeStyle Loan Program Consultant -

- Work Write-up from Consultant (SOR)
 - Specification of Repair (SOR) & blank Bid of Repair (BOR)
- Contractor must bid on the SOR if applicable
 - HomeStyle allows a family member to be project GC
- If there is not a consultant the contractor bid must be broken out with labor and material
- Homeowner/Contractor Agreement
- No more than 4 total financed properties, including the borrower's primary residence.
 - A 1st mortgage and 2nd mortgage on same property is counted as 1 financed property
- Lead based paint certificate required on all homes built prior to 1978
- If mold or asbestos present, mold remediation certification and asbestos certification required

Role of Consultant

- HUD consultant completes a Work Write-Up/Cost Estimate and the required architectural exhibits for borrower.
 - For all projects over \$50,000 required along with draw inspections, permits, contingency reserves, title update, & architectural fees.
- **Site Visit** - Consultant meets with borrower at site and does a Specification of Repair and provides a Blank Bid of Repair. Borrower pays consultant fee by check only at the time of the meeting with the consultant (see fee schedule attached)
- **Specification of Repair includes:**
 - Mandatory repairs - Health and Safety, local building code
 - Desired repairs - Borrower's additional items
- **Consultant delivers Report Package** to borrower, lender and contractor.
- **Selection of Contractor by Borrower** - Must be approved by lender. Contractor sign-up package available.

Role of Consultant (Continued)

- Loan Closes - Repair funds are placed in escrow
- Welcome Letter - Introduction of assigned Representative handling draw process
- Renovation work begins- general contractor may begin renovations once permits are issued by local municipality
- Consultant Performs Draw Request Inspections:
 - 1st draw: Is allowed 50% of materials up front / consultant verifies permits were issued
 - 2nd and 3rd draw: inspections are performed as work progress.
 - 4th draw: punch list is established
 - 5th draw: project is closed out and warranties and lien releases collected.

Consultant Fee Schedule

Consulting Fee	Repair Cost
\$400	\$5,000 to \$7,500
\$500	\$7,501 to \$15,000
\$600	\$15,001 to \$30,000
\$700	\$30,001 to \$50,000
\$800	\$50,001 to \$75,000
\$900	\$75,001 to \$100,000
\$1,000	* Over \$100,000 - 1% additional for every \$10,000
\$250 to \$350	Each draw (max 5 draws)

* Example: \$150,000 repair cost = consulting fee \$1,500

Contractors

- Borrower selects contractor
- Contractor sign-up paperwork required once the borrower decides on general contractor (sign-up package provided by Renovation Specialist)
 - All pages to be completed and returned to your Renovation Specialist
 - Contractor Resume & Profile
 - Specialty certification required for mold, asbestos, & well/septic work (if required) Sub contracts allowed to hold certification if contractor does not.
 - W-9
 - GC License - Must be verifiable
 - Certificate of Liability Insurance - \$1,000,000 liability coverage Guaranteed Rate, Inc, ISAOA, 3940 Ravenswood Avenue, Chicago, IL, 60613, Loan # of the file.
- Lead based paint certificate required on all homes built prior to 1978
- If mold or asbestos present, mold remediation certification and asbestos certification required

Realtor Tips

- Set appointments with:
 - Borrower and Consultant/Inspector
 - Borrower and Contractor(s)
- Listing agents - Market for distressed properties
- Ask client if property meets all their personal location requirements?
- Provide CMA or estimated after-improved value
- Provide market rents for multi-unit properties

Additional Info

- Funds for down payment & closing costs may be gifted
- Minimum Credit score - 620
- HomeStyle available for refinance
- Total Repair costs cannot exceed 75% of the after-improved value
- Borrower must occupy residence minimum 1 year after completion
- Desktop Underwriter to determine reserves required for the subject property and other properties owned.
- If qualifying with a pending sale, borrower must have 6 months PITI for the pending sale.
- Non-occupant co-borrower income is allowed to qualify
- No Self sufficiency test required for 3 -4 unit properties
- Worksheet Contingency Reserve = 10%
 - Leftover reserve will be applied to principal reduction or can be used to do additional work
- Up to 6 months of mortgage payments may be financed as a renovation cost
 - Property must be uninhabitable
 - Appraised Value must support the additional cost

Guaranteed Rate Info Needed for Your Contracts

- Rate not to exceed ____ (Renovation Division to provide)
- Seller to credit buyer _____ towards closing costs and prepaid items. Please have buyer and seller initial this sentence if applicable. (Please contact your loan officer to confirm amount of credit)
- Type of Financing: FNMA HomeStyle Renovation loan
- 30 year fixed product
- 40 days from acceptance for mortgage commitment
- 45 days from acceptance for closing date
 - Major renovation: 55 days for mortgage commitment / 60 days closing date

Contract Tips

- Please list the name of the borrower on the contract exactly as it appears on the pre-approval letter
- Any changes, cross outs, alterations to the contract must be initialed by all parties
- All credits whether agreed upon in the contract, or negotiated after the contract is signed, must be provided to GRI. An addendum signed by all parties is required, a closing cost credit is allowed from seller to buyer, no other credits are allowed, for example a repair credit is never allowed. If the credits are not provided to the lender at least 2 weeks prior to closing date they will not be allowed on the settlement statement.
- Money orders are not acceptable for earnest money. Earnest money has to be given by Personal Check or Cashier's check which would be drawn from the funds from a savings or checking account.
- In the body of the contract, please make sure you put the correct type of financing, this is a conventional loan, however you may also want to check other and you must include that borrower is doing a Fannie Mae HomeStyle Renovation Loan. Also in the body of the contract please make sure the closing cost credit from seller is listed if applicable.

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NMLS ID: 254862 IL - 031.0037003 - MB.0005932



NMLS (Nationwide Mortgage Licensing System) ID 2611 AL - Lic# 21566 AK - Lic#AK2611 AR - Lic#103947 - Guaranteed Rate, Inc. 3940 N Ravenswood, Chicago IL 60613 866-934-7283 AZ - Guaranteed Rate, Inc. - 14811 N. Kierland Blvd., Ste. 100, Scottsdale, AZ, 85254 Mortgage Banker License # BK-0907078 CA - Licensed by the Department of Business Oversight, Division of Corporations under the California Residential Mortgage Lending Act Lic #413-0699 CO - Guaranteed Rate, Inc. Regulated by the Division of Real Estate, 773-290-0505 CT - Lic #17196 DE - Lic # 9436 DC - Lic #MLB 2611 FL - Lic# MLD618 GA - Residential Mortgage Licensee #20973 - 3940 N. Ravenswood Ave., Chicago, IL 60613 HI - Lic#HI-2611 ID - Guaranteed Rate, Inc. Lic #MBL-5827 IL - Residential Mortgage Licensee – Illinois Department of Financial & Professional Regulation, 3940 N Ravenswood Ave, Chicago, IL 60613 MB.0005932 IN - Lic #11060 & #10332 IA - Lic #MBK-2005-0132 KS - Licensed Mortgage Company - Guaranteed Rate, Inc. - License #MC.0001530 KY - Mortgage Company Lic #MC20335 LA - Lic #RML2866 ME - Lic #SLM1302 MD - Lic #13181 MA - Guaranteed Rate, Inc. - Mortgage Lender & Mortgage Broker License MC 2611 MI - Lic #FR0018846 & SR0018847 MN - Lic #MO 20526478 MS - Guaranteed Rate, Inc. 3940 N. Ravenswood Ave., Chicago, IL 60613 - Mississippi Licensed Mortgage Company, Lic # 2611 MO - Guaranteed Rate Lic # 10-1744 MT - Lic# 2611 Licensed in NJ: Licensed Mortgage Banker - NJ Department of Banking & Insurance NE - Lic #1811 NV - Lic #3162 & 3161 NH - Guaranteed Rate, Inc. dba Guaranteed Rate of Delaware, licensed by the New Hampshire Banking Department - Lic # 13931-MB NM - Lic #01995 NY - Licensed Mortgage Banker - NYS Department of Financial Services- 3940 N Ravenswood, Chicago, IL 60613 Lic # B500887 NC - Lic #L-109803 ND - Lic #MB101818 OH - Lic #MBMB.850069.000 & Lic #SM.501367.000 - 3940 N. Ravenswood Ave., Chicago, IL 60613 OK - Lic # MB001713 OR - Lic #ML-3836 - 3940 N. Ravenswood Ave., Chicago, IL 60613 PA - Licensed by the Pennsylvania Department of Banking and Securities Lic #20371 RI - Rhode Island Licensed Lender Lic # 20102682LL, RI - Rhode Island Licensed Loan Broker Lic # 20102681LB SC - Lic #-2611 SD - Lic# ML.04997 TN - Lic #109179 TX - Lic # 50426 & Lic # 47207 UT - Lic #7495184 VT - Lic #LL6100 & MB930 VA - Guaranteed Rate, Inc. - Licensed by Virginia State Corporation Commission, License # MC-3769 WA - Lic #CL-2611 WI - Lic #27394BA & 2611BR WV - Lic #ML-30469 & MB-30098 WY - Lic#2247