



# RENOVATION LOAN PROGRAM HIGHLIGHTS

Finding the perfect home in today's competitive market can be difficult. To broaden the options, consider a fixer-upper and renovating it to match personal tastes. A renovation loan can turn a house into a dream home!

|  | 203(k) Limited   | 203(k) Standard  | HomeStyle   |
|--|--|--|---|
| <b>Standard Requirements</b>   | Standard FHA credit, cash investment and property guidelines apply unless otherwise stated .   | Standard FHA credit, cash investment and property guidelines apply unless otherwise stated .   | Follows conventional product guidelines.  |
| <b>LTV</b>   | Standard LTVs apply (i.e. 96.5% on purchase loan). LTV is based on lessor of purchase price + renovation cost or 110% of the after improved value (100% for condos).   | Standard LTVs apply (i.e. 96.5% on purchase loan). LTV is based on lessor of purchase price + renovation cost or 110% of the after improved value (100% for condos). | 1 unit primary residence up to 97%. LTV is lesser of as-completed value or purchase price + renovation cost. Ask your Loan Officer for more information.  |
| <b>Types</b>   | Purchase or Rate/Term Refinance  | Purchase or Rate/Term Refinance  | Purchase or Rate/Term Refinance   |
| <b>Renovation Amount</b>   | Fees and costs related to the renovation can be rolled into the loan amount up to \$35,000.<br><br>Minor, non-structural repairs; remodels; HVAC replacement/repairs to be completed in 6 months or less. Generally used for cosmetic repairs. | Covers major rehab work including structural repairs. Can tear down to foundation and rebuild. Luxury items not allowed.   | Renovation costs are limited to 75% of the "as completed" appraised value of the home. Repairs can range from health and safety to livability to luxury items (e.g. Swimming pools) Repair must be permanently affixed to property, be residential in nature and common for the area. "Tear-downs" not allowed. |
| <b>Timeline for Repairs</b>  | 6 months   | 6 months   | 6 months  |
| <b>Cost Consultant</b><br>(May be referred to as "HUD Consultant" on FHA loans.) | Not required but may be used   | Required   | Required if repairs exceed \$35K  |
| <b>Loan Types</b>  | 30-year fixed-rate only  | 15- and 30-year fixed-rate   | 15- and 30-year fixed-rate  |
| <b>Minimum FICO</b>  | 640  | 640  | 620   |
| <b>Property Types</b>  | Attached & Detached SFR, 2-4 units, PUD units, FHA Approved Condos   | Attached & Detached SFR, 2-4 units, PUD units  | 1-4 units primary residence, 1 unit 2nd home, 1 unit investor. Includes condos and PUDs. No manufactured housing allowed.   |
| <b>Financeable Mortgage Payment Reserves</b>                                     | Not allowed  | If supported by value, if property is uninhabitable during renovations, can finance up to 6 months PITI.   | If supported by value, if property is uninhabitable during renovations, can finance up to 6 months PITI.  |

# ALLOWABLE IMPROVEMENTS

A renovation home loan allows homebuyers to get the financing needed to buy a new property and the funds they need to make the renovations and/or repairs on the home. Even better, it's all rolled up into one affordable monthly mortgage payment. Allowable improvements vary by loan product, so speak to your Loan Officer about the best option.

|  | 203(k) Limited | 203(k) Standard | HomeStyle   |
|--|----------------|-----------------|-------------|
| Elimination of Health & Safety hazards   | Allowed        | Allowed         | Allowed     |
| Repair or Replacement of Wells & Septic Systems                                      | Allowed        | Allowed         | Allowed     |
| Connecting to public water and sewage systems  | Allowed        | Allowed         | Allowed     |
| Repairing/replacing plumbing, heating, air conditioning, and electrical systems      | Allowed        | Allowed         | Allowed     |
| Making changes for improved functions and modernization                              | Allowed        | Allowed         | Allowed     |
| Eliminating obsolescence   | Allowed        | Allowed         | Allowed     |
| Repairing or installing new roofing, siding, gutters, and downspouts                 | Allowed        | Allowed         | Allowed     |
| Converting a one-family structure to a two-, three-, or four-family structure        | Not Allowed    | Allowed         | Allowed     |
| Reconstructing a structure that has been or will be demolished                       | Not Allowed    | Allowed         | Not Allowed |
| Repairing, reconstructing, or elevating an existing foundation                       | Not Allowed    | Allowed         | Allowed     |
| Purchasing an existing structure on another site and moving it onto a new foundation | Not Allowed    | Allowed         | Not Allowed |
| Making structural alterations  | Not Allowed    | Allowed         | Allowed     |

Certainty Home Loans, LLC is an FHA Approved Lending Institution and is not acting on behalf of or at the direction of HUD/FHA or the Federal government.

**Have questions about Renovation Loans? Ask me for more details!**



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