

	FHA 203(k) Rehabilitation Loan Program	Fannie Mae HomeStyle® Renovation	Freddie Mac CHOICE Renovation ®Mortgage Program
Eligible Property Types	<ul style="list-style-type: none"> • 1-to-4 unit primary residence • Planned unit development (PUD) • Eligible condo unit or site condo unit • Manufactured Housing • HUD real estate estate-owned (REO) 	<ul style="list-style-type: none"> • 1-to-4 unit primary residence • 1-unit second home • 1-unit investment property • Manufactured Housing • 1-unit in an eligible PUD, condominium, or cooperative 	<ul style="list-style-type: none"> • 1-to-4 unit primary residence • Manufactured Housing • 1-unit second home • 1-unit investment property • Units located in PUD, condominium, cooperative (if permitted under the Seller's purchase documents) or leasehold estates are acceptable
Eligible Mortgage Products	<ul style="list-style-type: none"> • Fixed-rate 	<ul style="list-style-type: none"> • Fixed-rate 	<ul style="list-style-type: none"> • Fixed-rate • Freddie Mac Home Possible ®mortgages • Freddie Mac HomeOne ®mortgages • Super conforming mortgages
Minimum/Maximum Renovation Costs	<p>Purchase and Refinance Standard 203(k)</p> <ul style="list-style-type: none"> • No maximum • Minimum \$5,000 <p>Limited 203(k)</p> <ul style="list-style-type: none"> • Maximum \$75,000 • No minimum 	<p>Purchase</p> <ul style="list-style-type: none"> • Limited to 75% of the lesser of purchase price plus renovation costs; or • "As completed" appraised value <p>Refinance</p> <ul style="list-style-type: none"> • Limited to 75% of the "as as-completed" appraised value • Manufactured Housing lesser of: <ul style="list-style-type: none"> ▪ \$50,000; or ▪ 50% of "as completed" appraised value 	<p>Purchase</p> <ul style="list-style-type: none"> • Total cost of the financed renovations must not exceed 75% of the lesser of: <ul style="list-style-type: none"> • Sum of purchase price of property plus estimated cost of the renovations; or • "As completed" appraised value <p>No cash cash-out refinance</p> <ul style="list-style-type: none"> • Total cost of financed renovations must not exceed 75% of the "as completed" appraised value • Manufactured Housing (purchase/ refinance) must not exceed the lesser of \$50,000 or 50% of the "as completed" appraised value
Maximum LTV & Maximum CLTV	<p>Maximum Loan to -Value (LTV)</p> <ul style="list-style-type: none"> • 96.5% for primary residence • Up to 110% of the "as as-is completed" value for primary residence <p>Maximum Combined LTV (CLTV)</p> <ul style="list-style-type: none"> • No maximum CLTV for secondary financing by Governmental Entities, Homeownership, Opportunity for People Everywhere Grantees, HUD HUD-Approved Nonprofits, and family members • 110% for secondary financing by private individuals, other organizations, and family members 	<p>Maximum LTV</p> <ul style="list-style-type: none"> • Up to 97% (1-unit owner owner-occupied) <p>Maximum CLTV</p> <ul style="list-style-type: none"> • Home equity CLTV ratios can be found in the Eligibility Matrix 	<p>Maximum LTV</p> <ul style="list-style-type: none"> • 1-unit primary residence: 95%, first first-time homebuyer >95% HomeOne® only • 97% Home Possible® only • 2-unit primary residence: 85% • 3-and 4 4-unit primary residence: 80% • 1-unit second home: 90% • 1-unit investment properties: 85% • Manufactured Housing: 95%

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ELIGIBLE RENOVATION PROJECTS			
Can be used on any rehabilitation project	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Construction of accessory dwelling units	<input checked="" type="checkbox"/> Must be attached	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Can be used to increase energy efficiency and property resilience; protect against disasters; and repair disaster damage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Eligible Supplemental Programs and Products		
	Purchase and Refinance <ul style="list-style-type: none"> • Section 203(h) Mortgage Insurance for Disaster Victims • Energy Efficient Mortgages 	<ul style="list-style-type: none"> • HomeStyle® Energy mortgages • HomeReady Mortgage 	<ul style="list-style-type: none"> • CHOICERenovation® • GreenCHOICE Mortgage®
	Contractor Requirements		
	<ul style="list-style-type: none"> • Contractors must be licensed when required by law • Standard 203(k) Program requires FHAFHA-approved consultants 	<ul style="list-style-type: none"> • Contractors must be licensed when required by law 	<ul style="list-style-type: none"> • Contractors must be licensed when required by law
	Project Management & Completion		
Allows Upfront Draws	• Up to 50% of material costs	• Up to 50% of material costs	• Up to 50% of material costs to contractors
Project Completion	<ul style="list-style-type: none"> • Borrower's letter of completion and final release notice • Renovations must be completed within 9 months for Limited 203(k) and 12 months for Standard 203(k) 	• Appraisal 1004D	• Up to 50% of material costs to contractors
Includes Contingency Reserve/Allowance	• Up to 20%	• Up to 15%	• Up to 20%
	Servicing and Securitization		
	Allows Servicing Transfer	• No restrictions	• When the work is completed
	Securitization	• As soon as the loan is endorsed	• Approval required for loans delivered before project completion
			• One-time Seller approval required

Frequently Asked Questions (FAQs)

What are examples of eligible improvements under the 203(k) program?

Standard 203(k) allows structural repairs, including, but not limited to:

- Converting a 1-family structure to a 2-, 3-, or 4-family structure
- Decreasing an existing multi-unit structure to a 1- to 4- family structure or reconstructing a structure that has been or will be demolished, provided the complete existing foundation system is not affected and will still be used
- Repairing, reconstructing or elevating an existing foundation where the structure will not be demolished
- Purchasing an existing structure on another site, moving it onto a new foundation and repairing/renovating it
- Making structural alterations

Limited 203(k) allows non-structural repairs, including, but not limited to:

- Health and safety hazards
- Improved functions and modernization
- Lead-based paint stabilization
- Wells and/or septic systems
- Plumbing, heating, air conditioning, and electrical systems
- Accessibility for persons with disabilities
- New roofing, siding, gutters, and downspouts
- Fences, walkways, and driveways
- Decks, patios, and porches
- Kitchen appliances

Can the 203(k) program be used to reconstruct a structure on an existing foundation?

Yes. The Standard 203(k) mortgage may be used for reconstructing a structure that has been or will be demolished, provided the complete existing foundation system is not affected and will still be used. Prior to reconstruction of the structure, the Consultant must obtain from the borrower a report from a licensed structural engineer stating that the foundation is structurally sound and capable of supporting the proposed construction of the structure. The Limited 203(k) may not be used for reconstructing a structure that has been or will be demolished.

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Does the 203(k) transaction have a timeframe for completion of renovation?

Yes. The 203(k) Consultant's Work Write-Up for Standard 203(k), and borrower's contract agreement for Limited 203(k) are used to determine the time frame for completion of repairs, which may not exceed 6 months. If the work is not completed within the rehabilitation period specified in the Rehabilitation Loan Agreement, the borrower may request an extension of time and must submit documents to justify the extension.

Can a Non-203(k) mortgage be converted to a 203(k)?

Yes. If the Mortgagee had originally requested the case number assignment for a non-203(k) Mortgage, the Mortgagee must update the existing case data in the Case Number Assignment screen, changing the ADP Code to a valid 203(k) ADP Code and the "Construction Code" to "Substantial Rehabilitation".

Can the 203(k) program be used for accessory dwelling units?

Yes. The construction or renovation of an accessory dwelling unit is eligible to be included. The accessory dwelling unit must be attached to the existing structure.

Can two FHA-approved mortgagees originate a single family mortgage (including 203(k)s and Home Equity Conversion Mortgages (HECMs) together?

Yes. Two FHA-approved mortgagees can originate an FHA-insured mortgage together using the Principal - Authorized Agent relationship or through a sponsored Third-Party Originator relationship with a Direct Endorsement mortgagee.