



Fannie Mae Homestyle Rehabilitation Mortgage

Lender NMLS 21116 www.nmlsconsumeraccess.org Equity Prime Mortgage, LLC (EPM) is a wholesale residential mortgage lender and an approved lending institution. The company is GNMA issuer, FHLMC, FNMA seller/servicer, FHA Mortgagee, USDA National Lender, and VA Automatic Lender. This information is for Broker use only and is provided to assist business professionals.. This is not an advertisement extend to the consumer, as defined by Section 226.2 of Regulation Z – Equal Housing Lender. Equal Opportunity Employer.
Corporate address: 5 Concourse Parkway, Suite 2250 Atlanta, GA 30328

Please visit our website for program guidelines and requirements: <https://epmwholesale.com>

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Overview



- The Fannie Mae HomeStyle Renovation Mortgage is a single-close loan that enables borrowers to purchase a home that needs repairs or refinance their existing home and include the necessary funds for renovation in the loan balance.
- There are no required improvements or a minimum dollar amount for the repairs. Repairs or improvements, however, must be permanently affixed to the real property.
- A HomeStyle Mortgage may not be used for complete tear down and reconstruction of the dwelling.
- Renovations greater than \$35K require the use of a HUD consultant.

FANNIE MAE HOMESTYLE RENOVATION MORTGAGE

PROGRAM SPECIFICATIONS

CHANNELS	PARAMETERS
<ul style="list-style-type: none">• Broker• Correspondent	<ul style="list-style-type: none">• FICO<ul style="list-style-type: none">• Per AUS• UW METHOD<ul style="list-style-type: none">• Desktop Underwriter (DU)• AUS RECOMMENDATIONS<ul style="list-style-type: none">• Approve/Eligible – DU <p><i>*Manual Underwriting is INELIGIBLE*</i></p>



FANNIE MAE HOMESTYLE RENOVATION MORTGAGE PROGRAM SPECIFICATIONS

PARAMETERS	PROPERTY TYPES
<p>ELIGIBLE TERMS</p> <ul style="list-style-type: none"> • 15 year, 30 year fixed <p>TRANSACTION TYPES</p> <ul style="list-style-type: none"> • Purchase or Refinance • Lender Paid or Borrower Paid <p>LTV</p> <p>Purchase/Refinance:</p> <ul style="list-style-type: none"> • 1 unit – 95%/97% • 2 units – 85% • 3-4 units – 75% <p>Manufactured Home:</p> <ul style="list-style-type: none"> • Purchase/Refinance – 95% • Second Home – 90% <p>Second Home</p> <ul style="list-style-type: none"> • 1 unit - 90% <p>Investment:</p> <ul style="list-style-type: none"> • Purchase – 85% • Refinance – 75% <p>DTI</p> <ul style="list-style-type: none"> • Follow AUS for Approve/Eligible <p>AUS RECCOMENDATIONS</p> <ul style="list-style-type: none"> • Approve/Eligible – DU 	<ul style="list-style-type: none"> • 1-4 unit properties • 1 unit Second Homes • FNMA Approved Condos <ul style="list-style-type: none"> • When the property is a unit in a condo, the proposed renovation work must be permissible under the bylaws of the HOA or the HOA must have given written approval for the work. The renovation work is limited to the interior of the unit, including the installation of fire walls in the attic. • PUDs • Investment Properties • Multi-Wide Manufactured Homes • REOs, Short Sales, Foreclosures



FANNIE MAE HOMESTYLE GENERAL PARAMETERS



- No minimum dollar amount required for renovations
- Completion of the final work on newly built homes are permitted when the home is 90% completed.
 - The remaining improvements must be related to completing non-structural items the original builder was unable to finish. Such work may include installation of buyer-selected items such as:
 - Flooring
 - Cabinets
 - Appliances
 - Fixtures
- Construction of outdoor buildings and structures are permitted. According to local zoning regulations.
 - Examples of acceptable structures include, but are not limited to:
 - ADUs
 - Garages
 - Swimming pools
- Complete tear downs and reconstruction of dwellings are not permitted
- Unused funds must be applied as a principal reduction
- **“Do It Yourself (DIY) or self help is NOT allowed**

FANNIE MAE HOMESTYLE INELIGIBLE PROPERTY TYPES



- Mixed Use Properties
- Singlewide Manufactured Homes
- Mobile Homes
- Co-ops or Non-Warrantable Condos
- Leaseholds



FANNIE MAE HOMESTYLE ELIGIBLE IMPROVEMENTS



- Upgrade or modernization of central air/heat, plumbing, and electrical systems
- Minor repairs to existing septic systems
- Repair termite or moisture damage
- Remodeling of kitchen and baths
- Energy conservation improvements
- New permanently affixed appliances
- Addition or replacement of exterior decks, patios, and porches
- Major landscaping and permanent hardscape such as driveways, walkways, retaining walls and fences

FANNIE MAE HOMESTYLE INELIGIBLE IMPROVEMENTS



- Improvements that are not permanently attached to the property
- Improvements for business or commercial purposes
- Items that will not increase the value of the subject property
- Energy Efficiency repairs which would require additional inspections per Fannie Mae
- Razing/demolition of home down to its foundation is not permitted
- Physical relocation of a home from another location is not permitted



TIME PERIOD FOR RENOVATION

- The work must begin within 30 days of the execution of the Agreement
- The work must not cease prior to completion for more than 30 consecutive days
- The work is to be completed in 9 months maximum



CONTRACTORS



- EPM requires one General Contractor
- EPM must obtain a written agreements between the Borrower and the Contractor. The contractor must agree in writing to complete the work for the amount of the Cost Estimate and within the allotted time frame
- Obtaining more than one bid is not required
- All of the subcontractor's bids must be included into one general bid.
- The General Contractor is responsible for disbursing all funds to the subcontractors when funds are released from escrow
- The General Contractor must carry sufficient insurance equal to the greater of \$100,000 or the loan amount per occurrence through a valid and current general liability insurance policy
- EPM requires the contractor or borrower to follow up with the county/city/parish and make sure any required inspections are completed based on the permits that were pulled.
- Contractor must make sure they have documentation of a passing permit inspections from the municipality that issued the permit(s).

Important: Licensing requirements vary in each state/municipality for contractors. If a repair calls for a specialized contractor, such as electrical or plumbing repair, the contractor must be licensed to do the work per state requirement.

- The Contractor must provide a detailed estimate/bid itemizing all the repairs that are to be completed with cost and note if permits are going to be required

Reminder: EPM does **not** permit "Self-Help"

HUD CONSULTANT



For renovation/rehab work over \$35k and/or structural, the Borrower must select an FHA-Approved 203(k) Consultant.

The link can be found at HUD.GOV: <https://entp.hud.gov/idapp/html/f17cnsldata.cfm>

- Consultant's fee range from \$400-\$1000+ depending on the dollar amount of the estimated work.

The Consultant Must:

- Prepare a Feasibility Study (if requested)
- Inspect the property (using the 35 point checklist)
- Identify all required architectural exhibits (well certs, septic certs, termite reports, etc.)
- Inspect the work for completion and quality of workmanship at each draw request
- Review the proposed changes to the Work Write-Up and prepare a change order, if applicable
- Inform EPM of the progress of the rehabilitation and any problems that arise

HUD CONSULTANT



- Ensure that the Property will comply with HUD's MPR or HUD's MPS after the improvements have been completed
- Provide a 203(k) Consultant's Certificate
- Prepare an unbiased Work Write-Up and Cost Estimate (without the use of the contractor's estimate)
 - The Work Write-Up refers to the report prepared by the Consultant that identifies each Work Item to be performed and the specifications for completion of the repair
 - The Cost Estimate refers to the breakdown of the cost for each proposed Work Item prepared by the Consultant
 - The Work Items refers to a specific repair or improvement that will be performed

FANNIE MAE HOMESTYLE RENOVATION

HUD CONSULTANT FEE SCHEDULE

CONSULTANT SCHEDULE

The Consultant may charge the maximum fees listed below for the preparation of the Work Write-Up and review of the architectural exhibits

- \$400 for repairs less than \$7,500
- \$500 for repairs between \$7,501 and \$15,000
- \$600 for repairs between \$15,001 and \$30,000
- \$700 for repairs between \$30,001 and \$50,000
- \$800 for repairs between \$50,001 and \$75,000
- \$900 for repairs between \$75,001 and \$100,000
- \$1000 for repairs over \$100,000

ADDITIONAL CHARGES

- The Consultant may charge an additional \$1000 for the preparation of the Feasibility Study
- The Consultant may charge an additional \$25 per additional Dwelling unit
- The Consultant may charge up to \$350 per draw request
- The Consultant may charge \$100 per change order request
- The Consultant may charge a \$50 fee when re-inspection for a Work Item is required by the Borrower or Mortgagee
- The Consultant may charge a mileage fee at the current IRS rate when the Consultant's place of business is more than 15 miles from the Property

APPRAISAL



- Must document an “as completed” appraised value that estimates the value of the property after completion of the renovation work
- General Contractor estimate must be provided to the Appraisal Management Company (AMC)/Appraiser
- An Appraisal Update and/or Completion Report (Form 1004D) as evidence of completion will be ordered once all renovation work is completed

Note: 2nd level review by EPM is required on any property with a C5 Property Condition Rating. Loan is subject to additional requirements/conditions.

TOTAL COST OF REPAIRS



- Estimated cost of Construction, Repairs and Rehabilitation
- Contingency Reserve (10%-20% @ Consultant's recommendation)
- 8 draws max - \$350 each
- Up to 6 months mortgage payments
 - (if home uninhabitable during rehab)
- 4 title updates - \$125 each
- Consultant, Architectural, and Engineering fees
 - (if applicable)
- Permits - \$500





CONTRACTOR'S ESTIMATE ACCEPTABLE FORMAT

- Under \$35K or non-structural, the estimate must indicate that all proposed work is not structural in nature.

Required Document:
 Standard 203(k) and Limited 203(k)
 -Bid Required from each contractor

Contractor Bid

56789 Construction Way, Anytown, CA 90000

ABC Contractor

License #: 123456
800-222-9999

Borrower name and property address required

Client
Mr. & Mrs. Customer

Project Location
Parcel # 012-987-01
1234 Oak Street
Anytown, CA 90000

Detailed itemization required for labor and material

Item	Description	Labor	Material	Contracted Amount
Permitting	Roofing permit	\$350.00	\$154.00	\$504.00
	All other permitting is included in subcontractor pricing			
Plumbing	Install two electric water heaters	\$1,200.00	\$625.00	\$1,825.00
Well Drilling	Well piping	\$6,500.00	\$3,200.00	\$9,700.00
	Clay county permit		\$85.00	\$85.00
	Shallow well pump 1hp	\$250.00	\$1,239.10	\$1,489.10
	Deep well pump 1hp	\$250.00	\$1,603.10	\$1,853.10
HVAC	3.5 ton Tempstar heat pump and 3 ton Trane heat pump	\$3,275.00	\$5,600.00	\$8,875.00
Electrical	Make all repairs, install lighting, and hookup fixtures	\$2,500.00	\$1,250.00	\$3,750.00
Pool	Pump, filter, re-plumb, acid wash, and install new heat pump	\$1,000.00	\$500.00	\$1,500.00
Roof Repair	Replace missing shingles at front	\$850.00	\$150.00	\$1,000.00
Fascia Repair	Replace eve drip	\$450.00	\$35.00	\$485.00
	Replace damaged fascia	\$350.00	\$50.00	\$400.00
Drywall Repair	Foyer - wall repair	\$125.00	\$100.00	\$225.00
	Front corner office #2 - ceiling repair	\$125.00	\$100.00	\$225.00
	Family room - ceiling repair	\$125.00	\$100.00	\$225.00
	Dining room - ceiling and wall repair	\$250.00	\$200.00	\$450.00
	Kitchen - ceiling and wall repair	\$250.00	\$200.00	\$450.00
	Master Bedroom - wall repair	\$125.00	\$100.00	\$225.00
	Master bathroom - wall repair	\$125.00	\$100.00	\$225.00
	Bedroom 2 - wall repair	\$125.00	\$100.00	\$225.00
WDO Repair	Door trim on rear of home, fascia on right of home, trim at pool and roof sheathing	\$1,500.00	\$550.00	\$2,050.00
				\$0.00
Door Repair	Replace and install new hardware for all damaged and missing doors	\$850.00	\$450.00	\$1,300.00
Stove	Install new stove	\$150.00	\$450.00	\$600.00
Total				\$37,466.20

Standard: This figure is used for the Work Write-Up. Figures MUST match.

Represents total labor and material costs



CONTRACTOR'S ESTIMATE UNACCEPTABLE FORMAT

- Missing the property address
- Missing the name of contractor
- Missing the name of contractor's business
- Missing dates
- Missing details for each repair item
- Missing itemization of cost of labor versus material for each repair item
- Missing signatures for all Borrower(s) and the Contractor
- Missing statement that indicates proposed work is not structural in nature

BID COST SUMMARY

LIST OF MATERIALS AND COSTS

Qty.	Description	Cost	Total
5	2x8x10 lumber	\$6.75	\$33.75
20	2x4x10 lumber	\$4.97	\$99.40
30	Joist brackets	\$2.49	\$74.70
2	Box of screws, 2 in	\$6.67	\$13.34
2	Box of nails, 10 penny	\$3.25	\$6.50
2	Pair of gloves, leather	\$7.75	\$15.50
2	Laborer charges	\$100.00	\$200.00

Subtotal	\$443.19
Tax rate	7.50%
Tax	\$33.24
Grand total	\$476.43

HUD CONSULTANT WORK WRITE UP

203(k) CONSULTANT – EXAMPLE

Borrower:
Mr. & Mrs. Customer

Lender:

Consultant Work Write Up & Cost Estimate

General Description

This is a single family two story home built in 1997. It is a 4 bedroom 2 ½ bath home built on a slab foundation with an attached garage and pool. The exterior is mostly brick veneer with some wood siding and the roof is a composition roof. The home is vacant and all utilities were on the day of inspection. The home will be vacant during construction and not habitable and all construction will be complete within 10 weeks.

Scope of the Rehabilitation

Once the repairs are completed as outlined in the job specification of repairs, this property will meet all FHA Minimum Property Standards.

Contractor

This project has the following contractor:

Sample Construction Company
56789 Construction Way
Anytown, CA 90000
800-222-9999

Write-Up Synopsis

The total cost of construction plus allowable fees comes to \$91,094.00.

4 Draws have been established @ \$350

Please direct any questions regarding this architectural package to:

John Smith
HUD Consultant
HUD ID #: A1234
5678 Industrial Hwy
Anytown, CA 90000

FANNIE MAE HOMESTYLE RENOVATION MORTGAGE MORTGAGE PAYMENT RESERVE

MORTGAGE PAYMENT RESERVE

- For 2-4 unit properties, if one of the units are occupied, the Mortgage Payment Reserve may only include the portion of the Mortgage Payment attributable to the units that cannot be occupied.
- To calculate the amount that can be included in the Mortgage Payment Reserve, divide the monthly Mortgage Payment by the number of units in the Property, and multiply that figure by the number of units that cannot be occupied.
- The resulting figure is the amount of the Mortgage Payment that will be paid through the Mortgage Payment Reserve. The Borrower is responsible for paying the servicing Mortgagee the portion of the Mortgage not covered by the Mortgage Payment Reserve.
- EPM may establish a financeable Mortgage Payment Reserve, not to exceed six months of Mortgage Payments.
- The Mortgage Payment Reserve may include Mortgage Payments only for the period during which the Property cannot be occupied.
- The number of Mortgage Payments cannot exceed the completion time frame required in the Rehabilitation Loan Agreement.

FANNIE MAE HOMESTYLE RENOVATION MORTGAGE

CONTINGENCY RESERVE

STRUCTURES WITH AN ACTUAL AGE OF MORE THAN 30 YEARS

- Contingency Reserve refers to funds that are set aside to cover unforeseen project costs

	Minimum	Maximum
Required when evidence of termite damage	10%	20%
Discretionary	No minimum	20%

STRUCTURES WITH AN ACTUAL AGE OF LESS THAN 30 YEARS

- Contingency Reserve refers to funds that are set aside to cover unforeseen project costs

	Minimum	Maximum
Required	10%	20%
Required when utilities are not operable as referenced in the Work Write Up	15%	20%

Note: The borrower may not provide their own funds to establish the Contingency Reserves



FANNIE MAE HOMESTYLE RENOVATION MORTGAGE MAXIMUM MORTGAGE WORKSHEET

The 1035 – HomeStyle Maximum Mortgage worksheet must be completed in calculating the max loan amount

- The worksheet will determine your highest allowable loan amount and LTV, based upon your scenario
- The maximum loan amount for a purchase will be based on the following:

Purchase: Lesser of (Purchase Price + Renovation Cost) of After Improvements Value of Appraisal

Refinance: The After Improvement Value of the Appraisal

HomeStyle® Renovation Mortgage Maximum Mortgage Worksheet

This worksheet may be used to calculate the mortgage amount for a purchase or refinance transaction for the HomeStyle Renovation Mortgage.

Borrower Name: _____
Date: _____

A. Loan Parameters		Totals	
1. % Applicable LTV			
2. Renovation Costs Cannot Exceed 75% of: For purchase – the lesser of: Acquisition plus Renovation Costs; or Estimated "As Completed" Value For refinance – the Estimated "As Completed" Value For manufactured homes – eligible renovation funds capped at the lesser of \$50,000 or 50% of the "as-completed" appraised value			
3. Primary Residence Secondary Residence Investment			
B. Property Information			
1. Sales Price (Purchase Transaction)			
2. First Mortgage Pay-Off and Eligible Liens (Refinance Transaction)			
3. Estimated "As Completed" Value (after improvements)			
C. Alterations, Improvements, and Repairs			
1. Alterations, Improvements, and Repairs			
a. Hard Costs (Labor/Materials)			
b. Contingency Reserve (if applicable and financed)			
c. Architect/Engineer Fees			
d. Consultant Fees			
e. Inspections			
f. Title Updates			
g. Permits			
h. Payment Reserve (Months not occupied x Monthly Payment) – <i>Not to exceed 6 months</i>			
i. Other			
2. Total Alterations, Improvements, and Repairs (Total of C1a to C1i) NOTE: Cannot exceed (A2)			
D. Loan Amount			
1. Total of Purchase Price and Improvement Costs (B1 + C2)			
2. Estimated "As Completed" Value (B3)			
3. Total of Financed Private Mortgage Insurance (E7)			
4. Purchase Mortgage Loan Amount ((Lesser of D1 or D2) x A1)			
5. Refinance Mortgage Amount (B3 x A1)			
E. Details of Transaction (from Form 1003)		Purchase	Refinance
1. Purchase Price (B1)			N/A
2. Alterations, Improvements, and Repairs (C2)			
3. Land (if acquired separately)		N/A	N/A
4. Refinance (include debts to be paid off) (B2)		N/A	
5. Estimated Prepaid Items			
6. Estimated Closing Costs			
7. Financed Private Mortgage Insurance			
8. Discount (if borrower will pay)			
9. Total Costs (Total of E1 to E8)			
10. Subordinate Financing			
11. Borrower Closing Costs paid by Seller			N/A
12. Other Credits			

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FANNIE MAE HOMESTYLE RENOVATION MORTGAGE MAXIMUM MORTGAGE WORKSHEET

On all HomeStyle purchases, there are calculations that must be completed in order to determine the maximum loan amount:

1. Begin in Section C, fill in the improvements costs on lines 1a-1i, and the total cost of improvements in C2
2. Next complete section B
3. Next complete section E. Now complete section A. To complete A2 divide C2 by B3. To complete A1 divide the Loan Amount by the "As Completed" value



HomeStyle® Renovation Mortgage Maximum Mortgage Worksheet

This worksheet may be used to calculate the mortgage amount for a purchase or refinance transaction for the HomeStyle Renovation Mortgage.			
Borrower Name:			
Date:			
A. Loan Parameters		Totals	
1. % Applicable LTV			
2. Renovation Costs Cannot Exceed 75% of: For purchase – the lesser of: Acquisition plus Renovation Costs; or Estimated "As Completed" Value For refinance – the Estimated "As Completed" Value For manufactured homes – eligible renovation funds capped at the lesser of \$50,000 or 50% of the "as-completed" appraised value		3	
3. Primary Residence	Secondary Residence	Investment	
B. Property Information			
1. Sales Price (Purchase Transaction)			
2. First Mortgage Pay-Off and Eligible Liens (Refinance Transaction)		2	
3. Estimated "As Completed" Value (after improvements)			
C. Alterations, Improvements, and Repairs			
1. Alterations, Improvements, and Repairs			
a. Hard Costs (Labor/Materials)			
b. Contingency Reserve (if applicable and financed)			
c. Architect/Engineer Fees			
d. Consultant Fees			
e. Inspections		1	
f. Title Updates			
g. Permits			
h. Payment Reserve (Months not occupied x Monthly Payment) – <i>Not to exceed 6 months</i>			
i. Other			
2. Total Alterations, Improvements, and Repairs (Total of C1a to C1i) NOTE: Cannot exceed (A2)			
D. Loan Amount			
1. Total of Purchase Price and Improvement Costs (B1 + C2)			
2. Estimated "As Completed" Value (B3)			
3. Total of Financed Private Mortgage Insurance (E7)			
4. Purchase Mortgage Loan Amount [(Lesser of D1 or D2) x A1]			
5. Refinance Mortgage Amount (B3 x A1)			
E. Details of Transaction (from Form 1003)		Purchase	Refinance
1. Purchase Price (B1)			N/A
2. Alterations, Improvements, and Repairs (C2)			
3. Land (if acquired separately)		N/A	N/A
4. Refinance (include debts to be paid off) (B2)		N/A	
5. Estimated Prepaid Items			
6. Estimated Closing Costs			4
7. Financed Private Mortgage Insurance			
8. Discount (if borrower will pay)			
9. Total Costs (Total of E1 to E8)			
10. Subordinate Financing			
11. Borrower Closing Costs paid by Seller			N/A
12. Other Credits			

Submission



EPM Setup team will assign the loan to a Renovation Draw Specialist

The Renovation Draw Specialist will provide the contractor with the Contractor Validation Package

Once the Contractor Validation Package is returned, the Account Manager will upload to the file and submit the file back to the UW for review. Any corrections will be conditioned for by the Underwriter.

Broker/Correspondent is responsible for any revision requests for the Contractor Validation Package. Once revisions/additional items are provided, upload into the specific loan file.

SUBMITTAL/APPROVAL



- EPM Underwriter will review Documents and Forms submitted
- Once the UW Approval is received – EPM Account Manager contacts the Broker/Correspondent to review the Renovation items and let them know the progress and what is still needed.
- EPM Underwriter will review Appraisal Report to confirm repairs are covered by the bid or SOR. If there are additional repairs needed, the UW will condition accordingly for the client to obtain.
- EPM reviews and clears Renovation U/W conditions.
- After closing, EPM's Renovation Draw Specialist sends out a Welcome Email to Borrower and Contractor.
- After the loan is closed the Draw Specialist reaches out to the Borrower to congratulate them on the closing and provide information about the draw process and what to expect going forward. The Draw Specialist is responsible for overseeing the project until the project is completed, and all permits are closed out.

FANNIE MAE HOMESTYLE RENOVATION MORTGAGE CHANGE ORDERS

- As with most renovations, the need for changes do arise. If a change order is desired or necessary, following is required **PRIOR** to the change:
 - Contractor must provide a Change Order Request form, authorized by the borrower and email EPM's Renovation Department for **PRIOR** approval, before starting the work.
 - Any authorized change order(s) will be disbursed with the final draw.



CLOSING/RENOVATION PERIOD

On Renovation under \$35K and non-structural, 50% of funds can be provided upfront. (5-7 business days for funds to hit after loan close.)

On Renovation over \$35K and/or Structural, EPM will not disburse any funds prior to work being in place. Subsequent draw amounts will be based on inspections and percentage of completion.



Reminder:

- The renovation period starts when the Mortgage is funded
- The renovation must begin within 30 days of closing
- Borrower(s) must make their regular mortgage payments throughout the course of construction, unless mortgage payments are financed
- Maximum renovation period is 9 months



CLOSING/RENOVATION PERIOD

- When all of the work is complete; The Borrower sends an email to the Renovation Draw Specialist
- Renovation Draw Specialist will send final documents to the Borrower and Contractor once repairs are completed.
- EPM will order the final compliance inspection from the original appraiser or AMC, if not available.
- Upon the receipt of the acceptable final inspection and forms, a final disbursement will be made to the contractor for the remaining balance of the estimate.
- All draws will be facilitated by way of ACH Transfer to the contractor.
- All remaining funds in escrow will be made as a principal reduction to the mortgage.



Items of Importance:

- The total amount of repairs permitted is Maximum Loan Amount (includes Renovation Cost, Contingency and Inspection Fees). The maximum timeframe for construction is 9 months.
- Any unused contingency must be applied to the principal balance of the loan; EPM does not permit monies to be refunded to the borrower.
- EPM does not permit the borrowers paying cash for the contingency.

FANNIE MAE HOMESTYLE RENOVATION MORTGAGE

REQUIRED FORMS & MATRIX

All required forms can be found at:

Structural Changes	Permitted
Minimum/Maximum Repair Amount	\$5,000 minimum No Maximum (up to loan limit)
Landscaping/Hardscaping	Permitted
203(k) Consultant	Required if work is over \$35K and/or Structural
Mortgage Payments Financed	Permitted – up to 6 months
Draws	A maximum of 8 disbursements/draws are permitted
Initial Draw to Contractor	Only permitted if work is non-structural and under \$35K
Maximum Completion Time	9 months



- **What if the “As Is” value comes in under the contract price?**
 - In a purchase transaction if the As-Is value is lower than the purchase price, EPM will use standard practice to require the borrower to bring the remaining funds to closing. As-Is value listed on the appraisal does not effect the renovation piece of the transaction.
- **Is this Wholesale only or available through the correspondent channel?**
 - The Fannie Mae Homestyle renovation program is available in all channels except Correspondent Delegated.
- **Can you use this to buy a HUD property?**
 - Yes, you can purchase a HUD owned property.
- **Can you use the program for roof repair or roof replacement?**
 - Yes, you can repair or replace a roof. A HUD consultant would be needed if work affects the structural nature of the roof.





- **Can you replace a septic?**
 - Yes, you can utilize this program for a septic replacement.
- **Do permit fees need to be listed separately? Or can they be included in the cost within the quote?**
 - Permit fees should be included in the cost listed on the Contractor Bid.
- **Could this program not be offered in all states?**
 - The program is restricted in some states due to the length of time it takes to get permits in that state
 - If the Contractor is able to obtain permits prior to closing, EPM will consider an exception.





Equal Housing Opportunity Lender.

Please note that all information is provided for informational purposes only, for the exclusive use of licensed mortgage professionals, and not for distribution to the public.

This information does not represent an offer or commitment to enter a loan agreement by Equity Prime Mortgage, LLC (EPM).

Not all programs are available in all areas and rates and costs stated do not apply to all loans made. EPM's underwriting guidelines and program restrictions apply.

Terms and programs listed are subject to change without notice. EPM only conducts business in approved states.

EPM is an Equal Housing Opportunity Lender. For complete licensing information go to <http://www.nmlsconsumeraccess.org>.

THANK YOU

Equity Prime Mortgage, LLC