



RENOVATION PRODUCTS OVERVIEW



When is it reno?

- When it will not pass an “as-is” appraisal.
- When the borrower wants improvements.
- When the borrower doesn’t have the capital or equity to pay for needed / desired improvements.
- When the borrower would prefer to finance improvements than pay out of pocket.
- When the subject-to value will cover acquisition.

BENEFITS OF RENOVATION IN YOUR TOOLBOX

- ✓ Lend on more houses
- ✓ Solve problems for agents and buyers
- ✓ Access more real estate offices
- ✓ Do more loans
- ✓ Develop more relationships
- ✓ Larger loans
- ✓ Conduct more sales meetings
- ✓ Beat the competition
- ✓ Get referrals from competitors
- ✓ Grow and diversify referral sources
- ✓ Help borrowers increase wealth
- ✓ Expand your database
- ✓ Assist more borrowers
- ✓ Be the hero!

PARAMETER	CONVENTIONAL FHLMC CHOICE	FHA 203K
Eligible borrowers	Owner occupant, Investor, 2nd Home	Owner occupant only
Eligible repairs	Most any minor to major renovation projects that will improve a home or increase square footage. System upgrades; structural repairs; updated kitchens & baths; additions and so much more.	Same as Choice except no luxury items, though existing pools can be repaired.
Eligible units*	Owner occupied 1-4 family; All others SFD only.	Owner occupied 1-4 family. Plus partial commercial space case by case.
Property types*	Existing homes. Residential zoned, Condos. No complete tear downs.	Existing homes. Residential zoned, Condos. No complete tear downs.
Maximum LTV's	Owner occupied: 1-unit 95% (eligible FTHB 97%; 2-unit 85%; 3-4-unit 80%. Second home 1-unit 90%. Investment 1-unit 85%. TLTV to 105% with eligible Affordable Seconds (only with Home Possible HomeOne)	1-4 unit primary 96.5%. Eligible HUD properties may allow for less down (I.E. \$100 down program)
Purpose	Purchase, No cash-out refinance. Existing 2nd liens fall under refi rules; can be subordinated.	Purchase, No cash-out refinance. Existing 2nd liens fall under refi rules.
Credit scores	Minimum 620 for all occupants. Must have AUS approval.	Minimum 580 for all occupants. Must have AUS approval.
Underwriting	Standard Freddie credit guidelines. Must have LP approve/accept. No manual underwriting.	Standard FHA. Must have AUS approval. No manual underwriting.
Renovation amounts	No minimum. Maximum = 75% of subject-to value.	"Limited" \$30,000+-, no minimum. "Standard" no maximum, minimum \$5,000.
Financed payments	Up to 6 months PITI can be financed, dependent on size of renovation project and habitability and occupancy. None on second homes.	Not allowed on Limited. Standard, up to 6 months PITI can be financed, dependent on size of renovation budget and habitability.
Contractors	Must be licensed and insured (per state law). Subject to internal approval by AFG.	Must be licensed and insured (per state law). Subject to internal approval by AFG.
Self-help	Not allowed unless the borrower is a contractor for a living. Subject to AFG approval.	Not allowed unless the borrower is a contractor for a living. Subject to AFG approval.
Completion time	Determined by AFG based on cost of renovation, never to exceed 365 days.	Determined by AFG based on cost of renovation, never to exceed 6 months.
Misc. Renovations	Changing number of units; Moving a house; handicap access; pools; outdoor kitchens; fencing; pop-a-top; In-law suites; builder bails, etc...	Changing number of units; Moving a house; handicap access; pools; outdoor kitchens; fencing; pop-a-top; in-law suites; mixed use, etc....
	*All loans based on final renovated condition and unit count.	*All loans based on final renovated condition and unit count.

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