

# REPUBLIC

STATE MORTGAGE

*"Building Relationships  
One Home at a Time"*

## HOMESTYLE<sup>®</sup> RENOVATION MORTGAGE

### Program Summary

The Fannie Mae HomeStyle<sup>®</sup> Renovation Mortgage option provides a convenient and economical way for borrowers considering moderate home improvements to make repairs and renovations with a single-close first mortgage.



## MORE ABOUT HOMESTYLE<sup>®</sup>

The HomeStyle<sup>®</sup> 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. The loan amount is based on the "as-completed" value of the home. 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 and add value to the property.

### PROGRAM HIGHLIGHTS

- 620 Minimum qualifying credit score (680 if LPMI)
- Max renovation amount calculated by repairs/renovations totaling up to 50% of the as-completed appraised value of the property

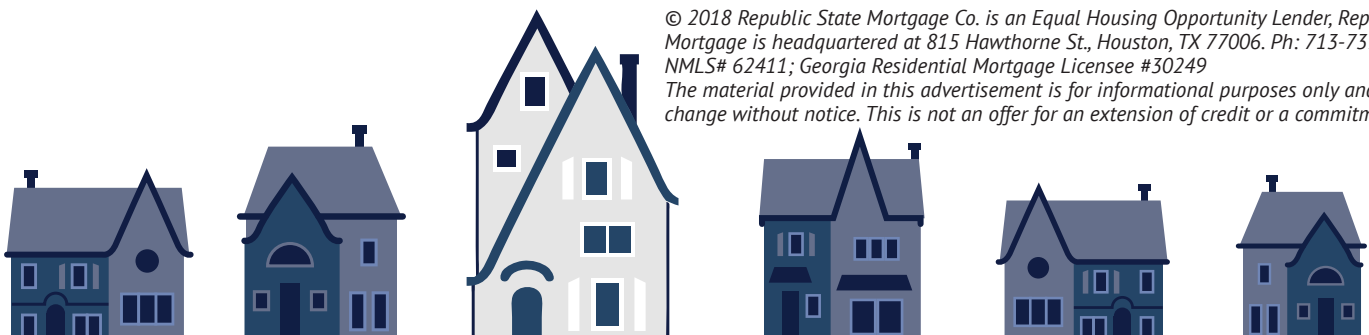
### ELIGIBLE TRANSACTIONS

- 1 - 2 Unit primary residences
- 1 Unit second homes and investment properties
- PUDs and FNMA approved condos

### ELIGIBLE TERMS

- Reminder: ARMs not permitted

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## What are the benefits of a FHA 203k loan?

### Looking for a Niche in a Niche...try the FHA 203(k) "Streamline" Loan

*Do you have properties with issues...? There is a FHA loan program that can increase your business opportunities and provide a valuable solution to properties in need of "post-closing" rehab/repairs. The FHA 203(k) "Streamline" rehabilitation loan is designed to allow borrowers to easily purchase or refinance their home and include the cost of repairs or improvements in one mortgage. Unlike the more cumbersome regular 203K program the 203K "Streamline" version is designed to be an easy to use uncomplicated rehabilitation and/or improvements program for which plans, consultants, engineers and/or architects are not required. It is intended to meet the desire of many homebuyers and existing homeowners who wish to improve their homes including making their homes more energy efficient. This program works great on foreclosure/REO properties in which the bank/property owner will not allow for any "pre-closing" repairs necessary to bring property up to lender required standards. All necessary work can be done after closing.*

#### Benefits:

- Simplified process and no consultant required
- Up to \$35,000 allowed for repair or rehabilitation with no minimum repair cost threshold.
- Program can be used for both purchase and for credit-qualifying no cash out refinance transactions with appraisal.
- Program can be used on HUD REO properties
- Flexible FHA qualifying and credit guidelines
- Up to 35% of material cost up front
- 1-4 family properties allowed including Townhomes, Row homes and Condominiums

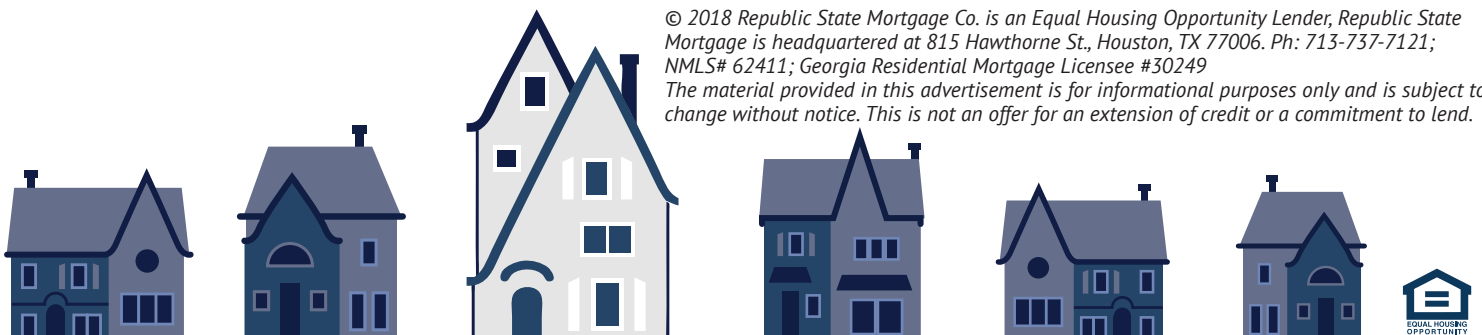
#### Eligible Improvements:

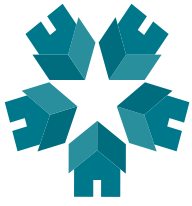
- Repair/Replacement of roofs, gutters and downspouts
- Repair/Replacement/upgrade of existing HVAC systems
- Repair/Replacement/upgrade of plumbing and electrical systems
- Repair/Replacement of flooring
- Minor remodeling, such as kitchens, which does not involve structural repairs
- Painting, both exterior and interior
- Weatherization, including storm windows and doors, insulation, weather stripping, etc.
- Purchase and installation of appliances, including free-standing ranges, refrigerators, washers/dryers, dishwashers and microwave ovens
- Accessibility improvements for persons with disabilities
- Lead-based paint stabilization or abatement of lead-based paint hazards
- Repair/replace/add exterior decks, patios, porches
- Window and door replacements and exterior wall re-siding
- Septic system and/or well repair or replacement

#### Ineligible improvements:

- Major rehabilitation or major remodeling, such as the relocation of a load-bearing wall;
- New construction (including room additions);
- Repair of structural damage; Repairs requiring detailed drawings or architectural exhibits;
- Landscaping or similar site amenity improvements;
- Any repair or improvement requiring a work schedule longer than six (6) months; or
- Rehabilitation activities that require more than two (2) payments per specialized contractor.

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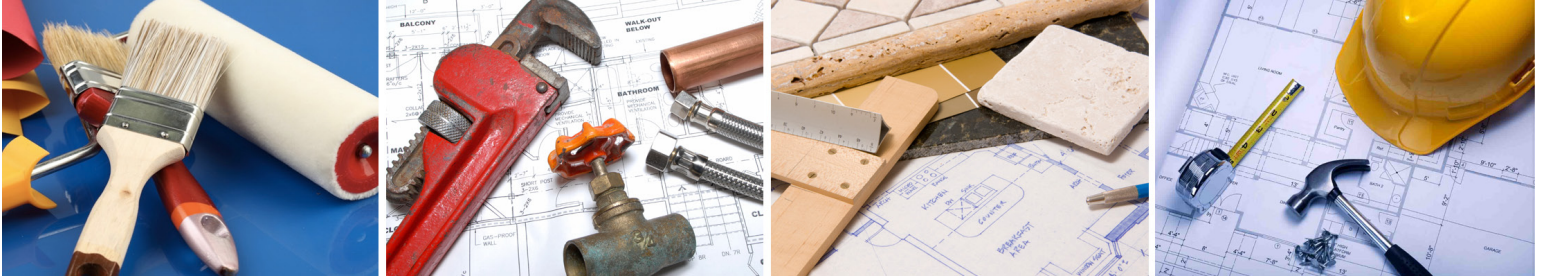




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## ARE REPAIRS HOLDING UP YOUR CLOSINGS? WE HAVE THE ANSWER! ESCROW HOLDBACKS

*An escrow holdback is when funds (typically on the seller side) are held at close until all required repairs are complete.*

Sellers are often reluctant or simply unable to pay for repairs or improvements to a home prior to closing. Likewise, a buyer may lack the means or the will to pay for work on a home he has yet to call his own. To keep both sides of such deals satisfied, lenders can offer escrow holdbacks. An escrow holdback allows them to fund the purchase or home improvement loan, and gradually release repair funds as work is completed.

FLOORING REPAIRS • HEATING / COOLING • FIREPLACE REPAIRS • APPLIANCES • MINOR ROOF REPAIRS

### Minimum and Maximum Holdback Amounts

Holdback accounts must be established at a minimum of 100% of the cost of the work to be completed, and cannot exceed the lesser of:

- 10% of the appraised value of the property, or \$100,000

Examples:

Appraised Value	10% of Appraised Value	Cost of Work to be Completed	Holdback Account
\$195,000	\$19,500	\$10,000	Acceptable
\$600,000	\$60,000	\$90,000	Not Acceptable

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