

FHA 203(k) vs HomeStyle Renovation

	FHA 203(k)	HomeStyle Renovation
Loan Options	Two options are available, a Limited and a Standard. More improvement options and a higher cost of repairs is available on the Standard 203(k)	There is only one HSR program, which most closely resembles the Standard 203(k) option
Loan Size	Maximum \$317,827, unless county loan limits support a higher loan amount	Maximum \$484,350, unless county loan limits support a higher loan amount
LTV	Standard program LTVs apply for both purchases (96.5%) and refinances (97.75%)	LTVs decrease as the number of units increases or occupancy type changes
Occupancy	Primary residence only	Primary residence, second home, investment property
Min Cost of Repairs	Limited: \$5,000 Standard: \$5,000	None
Max Cost of Repairs	Limited: \$35,000 Standard: unlimited	75% of the as-completed value
Restrictions on Relationships	No identity of interest permitted between any parties to the transaction	Borrower may not work for or be related to the contractor or company completing the repairs. Gifts of equity not permitted.
Consultant Requirements	Required on a Standard 203(k) in all cases	Required when repairs contain structural work or the contractor has no experience with renovation loans
Employee Loans	Not permitted due to Identity of Interest restrictions	Permitted
Appraisals	As-is value needed to determine adjusted value on a refinance, or if property has sold in the last 91 – 180 days on a purchase.	No as-is value required
Refi Funds to Close	Borrower must bring 2.25% to closing on a refinance, unless as-is value supports sufficient equity	No cash needed at closing on a refinance