

HomeStyle Renovation vs FHA 203(k)

	HomeStyle Renovation	FHA 203(k)
Loan Options	There is only one HSR program, which most closely resembles the Standard 203(k) option	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)
Loan Size	Maximum \$484,350, unless county loan limits support a higher loan amount	Maximum \$314,827, unless county loan limits support a higher loan amount
LTV	LTVs decrease as the number of units increases or occupancy type changes	Standard program LTVs apply for both purchases (96.5%) and refinances (97.75%)
Occupancy	Primary residence, second home, investment property	Primary residence only
Min Cost of Repairs	None	Limited: \$5,000 Standard: \$5,000
Max Cost of Repairs	75% of the as-completed value	Limited: \$35,000 Standard: unlimited
Restrictions on Relationships	Borrower may not work for or be related to the contractor or company completing the repairs. Gifts of equity not permitted.	No identity of interest permitted between any parties to the transaction
Consultant Requirements	Required when repairs contain structural work or the contractor has no experience with renovation loans	Required on a Standard 203(k) in all cases
Employee Loans	Permitted	Not permitted due to Identity of Interest restrictions
Appraisals	No as-is value required	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.
Refi Funds to Close	No cash needed at closing on a refinance	Borrower must bring 2.25% to closing on a refinance, unless as-is value supports sufficient equity