



Attention Please!!

TEMPORARY GUIDANCE DUE TO COVID-19
 This direction supersedes standard guidance on this matrix!

Due to the unprecedented impact of the coronavirus on the industry, temporary guidance has been issued regarding a number of different topics. To ensure your borrower is accurately qualified in this challenging time, please refer to the [Temporary Guidance due to COVID-19 document](#).

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 <i>*\$510,400 for loans delivered in 2020</i> | Maximum \$314,827, unless county loan limits support a higher loan amount <i>*\$331,760 for case numbers on/after 1/1/2020</i> |
| 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 |