

Bulletin 19-26

Updates to Homebridge Renovation Programs

Homebridge has made updates/clarifications to the FHA 203(k) Standard/Limited, Fannie Mae HomeStyle, and VA Renovation programs as detailed below.

FHA 203(k)

- **203(k) Standard**
 - Clarified that if a property is being altered to add additional units the maximum loan amount is based on the existing/current property type (e.g. 1-unit to 2-unit, the maximum loan amount is based on 1-unit)
- **203(k) Limited**
 - Updated to add that Homebridge will require a feasibility study on 3-4 unit transactions (currently not required)
- **203(k) Standard and Limited**
 - Clarified that self-help transactions are limited to a maximum of three (3) sub-contractors

Fannie Mae HomeStyle

- Clarified that if a property is being altered to add additional units the maximum loan amount is based on the existing/current property type (e.g. 1-unit to 2-unit, the maximum loan amount is based on 1-unit)
- Clarified on transactions utilizing the upfront draw option for materials, the upfront draw is **not** included in the maximum draw count (5 max.)
- Added a reminder that all contractor bids must provide detailed descriptions of the work and materials, including the make and model, as applicable; costs for materials and labor must be broken out.
- Updated to include second home transactions as eligible to waive the contingency reserve if certain requirements are met (currently only considered on owner-occupied transactions)
- Updated with HUDs recent changes as follows:
 - The contractor may be the borrower's employer, as long as the contractor meets all other contractor requirements, and
 - The contractor may be on title as an owner of the subject property but cannot be a borrower/co-borrower on the mortgage.

VA Renovation

- Refinance transactions are now eligible (previously only purchase transactions allowed)
 - VA refinance transactions are considered cash-out so a net tangible benefit, that is acceptable to VA, is required
 - 100% LTV/CLTV; if the funding fee is financed it must be included in the LTV calculation
 - The LTV is based on the **lesser of**:
 - Payoff of the existing loan plus repair costs plus closing costs (including funding fee), **or**
 - 100% of the “after-improved” appraised value (including the funding fee)
- Updated to require only two (2) inspections (currently 3 required)
- Added the option for a payment of up to 50% of the total up-front material costs to be provided at loan closing (currently allowed on 203(k) and HomeStyle)

The updates/clarifications are eligible for new submissions and loans currently in the pipeline with the exception of the new Feasibility Study requirement for 3-4 units on the FHA 203(k) Limited program which will be effective with loans submitted on or after May 13, 2019.

The FHA 203(k) Standard and Limited, Fannie Mae HomeStyle, and VA Renovation program guidelines have been updated and posted on the Homebridge website at www.homebridgewholesale.com

If you have any questions, please contact your Account Executive.