

## FHA 203(k) FAQ

### Standard/Limited 203(k)

<p><b>Q:</b> How does Homebridge approach Standard or Limited transactions that exceed the maximum months to complete rehabilitation from closing date?</p>	<p><b>A:</b> Situations where time to complete rehabilitation exceed the maximum 6 months from closing are addressed on a case-by-case basis by the Homebridge Renovation Concierge Department.</p> <p>In certain instances, a written request to extend the work can be provided by the Borrower and Contractor. If approved by the Homebridge Renovation Concierge Department, the total time to complete work can never exceed 9 months</p>
<p><b>Q:</b> Is a property eligible for a 203(k) loan if it will be gutted with the foundation completely torn apart?</p>	<p><b>A:</b> No. Demolished homes, or homes that will be demolished during rehabilitation, are only eligible provided the complete existing foundation is not affected and remains in place</p>
<p><b>Q:</b> Why does a purchase allow for a CLTV of 105%?</p>	<p><b>A:</b> On a 203(k) purchase, a CLTV up to 105% is permitted but is limited to government approved DPA. As a reminder, Homebridge requires the DPA source to be from an approved agency listed on the <a href="#">Accepted DPA Program List</a> on the Homebridge Wholesale website under Working with Us.</p>
<p><b>Q:</b> Can a Borrower pay for upgrades outside of the original scope of the project?</p>	<p><b>A:</b> No, the Borrower cannot pay for upgrades (labor/materials) outside of the scope of the original project.</p>

### Standard 203(k)

<p><b>Q:</b> Where is the HUD Consultant ID located on a Standard transaction for the ordering of the FHA case number?</p>	<p><b>A:</b> The HUD Consultant ID is located on the Work Write-Up. The HUD Consultant ID can also be located at <a href="#">Find a HUD Consultant</a></p>
<p><b>Q:</b> On a Standard 203(k), does Homebridge allow a 20% Contingency Reserve to allow for additional items during the scope of the project?</p>	<p><b>A:</b> On a Standard 203(k) the Contingency Reserve is determined by Homebridge.</p> <p>On a Standard loan the Contingency Reserve can be used for additional or unexpected items/repairs/change orders.</p>

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Consultant/Contractor	
<b>Q:</b> Can the Borrower have a relationship with a Contractor(s)?	<b>A:</b> No. The borrower can have no relationship (familial or business or otherwise) with the Contractor(s). This is considered a conflict of interest and is not allowed on a 203(k) transaction.
<b>Q:</b> In the event a Contractor is not accepted by the Homebridge Renovation Concierge Department, is the file required to be resubmitted in its entirety with new contractor information?	<b>A:</b> No. If a contractor is not accepted, there is no adverse impact to the existing file documentation. The initial loan stays in process and does not require a new submission; only updated contractor documentation is required for review.
Fees/Miscellaneous	
<b>Q:</b> Can a Commitment Fee be bought out on a 203(k) transaction?	<b>A:</b> Yes, the Commitment Fee can be bought out on a 203(k) transaction.
<b>Q:</b> Can a Borrower pay for UFMIP in cash rather than finance it on a 203(k) transaction?	<b>A:</b> Yes, the UFMIP can be paid in cash on a 203(k) transaction.
<b>Q:</b> What program is selected in DU for 203(k) loans?	<b>A:</b> 203(k) should be used for 203(k) loans in DU.
<b>Q:</b> Can a real estate brokerage and a mortgage broker be owned by the same individual?	<b>A:</b> No, a real estate brokerage and mortgage broker owned by the same individual is not permitted on a 203(k) transaction.
<b>Q:</b> Can the borrower have a familial or business relationship with <b>any</b> of the parties involved in the transaction?	<b>A:</b> No, <b>except</b> if the sale is between family members (family member as defined by HUD)