

## 203(k) Standard and Limited Comparison Guide

	Standard	Limited
<b>Loan Purpose</b>	Purchase <b>and Rate/Term Refinance</b> Transactions	Purchase <b>and Rate/Term Refinance</b> Transactions
<b>Occupancy</b>	Owner	Owner
<b>Units</b>	1-4 units	1-4 units
<b>Minimum Required Repairs</b>	\$5000	None
<b>Maximum Required Repairs</b>	<b>No limit as long as total loan amount, including repair costs, do not exceed the FHA county limit where the property is located</b>	\$35,000
<b>Consultant or Other Requirements</b>	<ul style="list-style-type: none"> <li>Consultant required. Consultant provides a Work Write-Up and Cost Estimate.</li> <li>Contractor must agree to complete the work detailed in the Work Write-up, for the amount of the Cost Estimate and in the allocated time frame</li> </ul>	Contractor bid (s) required to be reviewed and approved by Homebridge 203(k) Renovation Concierge department
<b>Allowed to be Included in Rehabilitation Costs</b>  <b>Reminder:</b> <b>Loan amount cannot exceed FHA county limit</b>	<ul style="list-style-type: none"> <li>Total cost of rehabilitation (including Consultant fees, architectural/engineering fees)</li> <li>Contingency reserve</li> <li>Inspections</li> <li>Up to 6 months PITI (requires Homebridge Renovation Concierge Department approval)</li> <li>Discount points</li> </ul>	<ul style="list-style-type: none"> <li>Total cost of rehabilitation*</li> <li>Contingency reserve (borrower funded contingency reserve not included in rehab/repair amount)</li> <li>Final inspections</li> <li>Discount points</li> </ul> <p>* Maximum total rehab cost \$35,000. Total rehab cost (labor/materials) cannot exceed the following to allow for contingency reserve requirement:</p> <ul style="list-style-type: none"> <li>10% contingency: Approximately \$31,250</li> <li>15% contingency: Approximately \$30,000</li> </ul>
<b>Allowable Fees</b>	<ul style="list-style-type: none"> <li>One Final Title Update fee</li> <li>Draws (one inspection per draw and one fee per draw)</li> <li>Consultant fee (including mileage)</li> <li>Architect/Engineering, if applicable</li> <li>Permit fee(s), as required</li> </ul>	<ul style="list-style-type: none"> <li>One Final Title Update fee</li> <li>Final Inspection fee (final inspection completed by appraiser)</li> <li>Permit fee(s), if applicable</li> </ul>
<b>Contractor</b>	1 General Contractor (specialty allowed for technical repairs). Borrower selects contractor who is accepted by Homebridge	Up to 3 contractors permitted. Borrower selects contractor who is accepted by Homebridge
<b>Type of Repairs Allowed</b>	Structural and non-structural	Non-structural
<b>Building Additions</b>	Yes. Must be <b>attached</b> to an existing structure. <b>The addition cannot require a zoning change or variance</b> NOTE: Additions to manufactured home <b>ineligible</b>	No

## 203(k) Standard and Limited Comparison Guide

	Standard	Limited
<b>Foundation Work</b>	Yes. Repairing/reconstructing/elevating an existing foundation where the structure will not be demolished	No
<b>Tear Down/Rebuild</b>	Yes provided a <b>complete</b> existing foundation is not affected and remains in place	No
<b>Construction of Outbuilding</b>	No	No
<b>Construction of Pool</b>	No	No
<b>Swimming Pool Repairs</b>	Yes, no limit	Yes, no limit
<b>Mold/Lead Paint Removal</b>	Yes	Yes. Abatement/remediation must be completed within a 15-30 day period.
<b>Contingency Reserve</b>	<ul style="list-style-type: none"> <li>• 10-20% of the rehab cost as established by Homebridge RCD</li> <li>• Minimum 15% required for properties when utilities not on at time of appraisal or are not in good working order.</li> </ul>	Determined by documentation provided: <ul style="list-style-type: none"> <li>• <b>Contractor Bid only:</b> <ul style="list-style-type: none"> <li>- Utilities on: 10% contingency reserve</li> <li>- Utilities off: 15% contingency reserve</li> </ul> </li> <li>• <b>Contractor Bid and Consultant Feasibility Study:</b> <ul style="list-style-type: none"> <li>- Utilities on: 5% contingency reserve</li> <li>- Utilities off: 10% contingency reserve</li> </ul> </li> <li>• If borrower funded the contingency reserve is <b>not</b> included when determining the maximum renovation/repair amount</li> </ul>
<b>Number of Draws Allowed</b>	Up to 5 draws	Maximum of 2 draws
<b>Holdback Amount of Draw</b>	10% of each draw amount	10% of each draw amount
<b>Self-Help Eligible</b>	Yes	Yes. Consultant Feasibility Study required by Homebridge
<b>Cash-Out Allowed</b>	No	No
<b>Time to Complete Rehabilitation</b>	6 months from closing. Work cannot stop for more than 30 days during renovation	6 months from closing. The borrower cannot be prevented from occupying the property for more than 15 days during the renovation project
<b>Finance PITI Payments</b>	<ul style="list-style-type: none"> <li>• Yes, with Homebridge approval (up to 6 months) when home uninhabitable during renovation</li> <li>• A Builders Risk insurance required</li> </ul>	No

## 203(k) Standard and Limited Comparison Guide

	Standard	Limited
<b>Funds Disbursed at Closing</b>	<p>Eligible for material costs</p> <ul style="list-style-type: none"> <li>Up to 100% of material costs with evidence of prepaid (must be paid in cash or by check; <b>no</b> credit card)</li> <li>Up to 50% of material costs with evidence order placed (but no payment)</li> </ul>	<p>50% no longer automatically disbursed at closing. Exceptions allowed as follows:</p> <ul style="list-style-type: none"> <li>Up to 50% may be disbursed at closing for estimated material and labor costs before construction <b>ONLY</b> when the contractor cannot or will not defer receipt of payment. Written request that includes explanation, from contractor and borrower approval is required, or</li> <li>100% of documented material cost is prepaid by the borrower/contractor in cash and a contract is established with the supplier and an order was placed with the manufacturer and/or supplier <ul style="list-style-type: none"> <li>Borrower approval is required to disburse funds to contractor.</li> </ul> </li> <li>Self-help projects that are minor in nature (e.g. flooring, appliances, wall coverings, etc.) and the borrower is using a major retail chain store for materials (i.e. Home Depot, Lowes, Sears, etc.) up to 50% of the cost of materials may be directly disbursed to the store/material supplier</li> <li>Final disbursement is made once all work/repairs are complete, a final inspection has been done by the appraiser and a Final Title Update is complete</li> </ul>
<b>Property Types</b>	<ul style="list-style-type: none"> <li>SFR (attached/detached)</li> <li>PUDs (attached/detached)</li> <li>Condos (specific requirements apply; see Condo Eligibility topic below)</li> <li>Manufactured homes</li> </ul>	<ul style="list-style-type: none"> <li>SFR (attached/detached)</li> <li>PUD (attached/detached)</li> <li>Condos (specific requirements apply; see Condo Eligibility topic)</li> <li>Manufactured homes</li> </ul>

## 203(k) Standard and Limited Comparison Guide

	Standard	Limited
<b>Condo Eligibility</b>	<p>Standard and Limited programs, condos are subject to the following:</p> <ul style="list-style-type: none"> <li>• Condo must be located in a condominium project approved by HUD at time of case number assignment.</li> <li>• Rehabilitation limited to the interior of the unit. Rehabilitation of the exterior of the condo, or any area that is the responsibility of the condominium association is not allowed with the exception of installation of firewalls in the attic for the unit.</li> <li>• Maximum mortgage cannot exceed 100 percent of the after-improved value.</li> <li>• Rehab at any one time is limited to the lesser of: <ul style="list-style-type: none"> <li>- 5 units, or</li> <li>- 25% of the total number of units in the project.</li> </ul> </li> <li>• The individual condo <b>building</b> cannot have more than 4 units in the subject property building. HUD allows greater than 4 units in a building only when the renovation reduces the number of units to 4 or less. The project <b>as a whole</b> can have more than 4 units (i.e. the project consists of 5 buildings, each with 4 units, for a total of 20 units in the project).</li> <li>• Projects made up of attached townhomes are not subject to the 4 unit per building restriction. HUD considers each townhome an individual building as long as each unit is separated by a firewall that reaches from the foundation to the roof and is rated 1 ½ hours.</li> </ul>	
<b>Manufactured Eligibility</b>	<p>Manufactured housing is eligible subject to applicable manufactured housing requirements in addition to 203(k) requirements <b>and</b> the following:</p> <ul style="list-style-type: none"> <li>• The renovation/rehabilitation cannot affect any structural components of the manufactured home that were designed and constructed in compliance with the Federal Manufactured Home Construction &amp; Safety Standards.</li> </ul>	