

## FHA 203(k) FAQ

### Standard/Limited 203(k)

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| <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 Homebridge. In certain instances, a written request to extend the work can be provided by the Borrower and Contractor. If approved by Homebridge 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>   |

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| <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. 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  |  |
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| <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)  |