

203(k) Standard and Limited Comparison Guide

	Standard	Limited
Loan Purpose	Purchase and Rate/Term Refinance Transactions	Purchase and Rate/Term Refinance Transactions
Occupancy	Owner	Owner
Units	1-4 units	1-4 units
Minimum Required Repairs	\$5000	None
Maximum Required Repairs	\$200,000	\$35,000
Consultant or Other Requirements	<ul style="list-style-type: none"> • Consultant required. Consultant provides a Work Write-Up and Cost Estimate • 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 	<ul style="list-style-type: none"> • Contractor bid (s) required to be reviewed and approved by Homebridge • Feasibility Study required for self-help and 3-4 unit transactions • Feasibility study OR Statement of Repairs, completed by HUD Consultant required on transactions with repair costs > \$15,000 to \$35,000
<p>Allowed to be Included in Rehabilitation Costs</p> <p>Reminder: Loan amount cannot exceed FHA county limit</p>	<ul style="list-style-type: none"> • Total cost of rehabilitation (including Consultant fees, architectural/engineering fees) • Contingency reserve • Inspections • Discount points 	<ul style="list-style-type: none"> • Total cost of rehabilitation* • Contingency reserve (borrower funded contingency reserve not included in rehab/repair amount) • Final inspections • Discount points <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"> • 10% contingency: Approximately \$31,250 • 15% contingency: Approximately \$30,000
Allowable Fees	<ul style="list-style-type: none"> • One Final Title Update fee • Draws (one inspection per draw and one fee per draw) • Consultant fee (including mileage) • Architect/Engineering, if applicable • Permit fee(s), as required 	<ul style="list-style-type: none"> • One Final Title Update fee • Final Inspection fee (final inspection completed by appraiser) • Permit fee(s), if applicable
Contractor	1 General Contractor (specialty allowed for technical repairs)	Up to 3 contractors permitted.
Type of Repairs Allowed	Structural and non-structural	Non-structural
Building Additions	Yes. Must be attached to an existing structure. The addition cannot require a zoning change or variance NOTE: Additions to manufactured home ineligible	No

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

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Funds Disbursed at Closing	<p>Eligible for material costs</p> <ul style="list-style-type: none"> Up to 100% of material costs with evidence of prepaid (must be paid in cash or by check; no credit card) Up to 50% of material costs with evidence order placed (but no payment) 	<p>50% no longer automatically disbursed at closing. Exceptions allowed as follows:</p> <ul style="list-style-type: none"> Up to 50% may be disbursed at closing for estimated material and labor costs before construction ONLY when the contractor cannot or will not defer receipt of payment. Written request that includes explanation, from contractor and borrower approval is required, or 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"> Borrower approval is required to disburse funds to contractor. 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 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
Property Types	<ul style="list-style-type: none"> SFR (attached/detached) PUDs (attached/detached) Condos (specific requirements apply; see Condo Eligibility topic below) Manufactured homes 	<ul style="list-style-type: none"> SFR (attached/detached) PUD (attached/detached) Condos (specific requirements apply; see Condo Eligibility topic) Manufactured homes

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Condo Eligibility	<p>Standard and Limited programs, condos are subject to the following:</p> <ul style="list-style-type: none"> • Condo must be located in a condominium project approved by HUD at time of case number assignment. • 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. • Maximum mortgage cannot exceed 100 percent of the after-improved value. • Rehab at any one time is limited to the lesser of: <ul style="list-style-type: none"> - 5 units, or - 25% of the total number of units in the project. • The individual condo building 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 as a whole 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). • 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. 	
Manufactured Eligibility	<p>Manufactured housing is eligible subject to applicable manufactured housing requirements in addition to 203(k) requirements and the following:</p> <ul style="list-style-type: none"> • 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 & Safety Standards. 	