

Renovation loan reference guide

Program	Conventional Conforming	FHA 203(k) Streamline	FHA 203(k)
Types of repairs	<ul style="list-style-type: none"> • Health & safety, livability • Structural repairs allowed • Luxury items allowed 	<ul style="list-style-type: none"> • Health & safety, livability • Structural repairs not allowed • Luxury items not allowed 	<ul style="list-style-type: none"> • Health & safety, livability • Structural repairs allowed • Luxury items not allowed
Minimum repair amount	No minimum limit	No minimum limit	\$5,000* (*see FHA manual for requirements)
Renovation amount	Maximum renovation costs 75% of the after-improved value	Maximum renovation costs \$35,000	No limit
Mixed-use properties	Not allowed	Allowed	Allowed
Property age	No age restriction	1 year old	1 year old
# of contractors	General contractor	Multiple	General contractor
Self help	Not allowed unless contractor is full time occupation	Allowed per underwriter approval for time, talent and assets	Allowed per underwriter approval for time, talent and assets
Loan types	Fixed rate and ARMs	Fixed rate and ARMs	Fixed rate and ARMs
Loan limits	Conventional conforming loan limits	FHA county loan limits	FHA county loan limits
Transaction types	<ul style="list-style-type: none"> • Purchase • Rate/term refinance • Cash-out refinance 	<ul style="list-style-type: none"> • Purchase • Rate/term refinance 	<ul style="list-style-type: none"> • Purchase • Rate/term refinance
Occupancy types	<ul style="list-style-type: none"> • Owner occupied • Second homes • Investment 	Owner occupied only	Owner occupied only
Homebuyer education	Not required	Not required	Not required
Units	1-4 units	1-4 units	1-4 units
Secondary financing	Allowed	Allowed	Allowed
Contingency percentage¹	10%	• 10% required for Self Help	10% to 20%
Contingency reserve usage	<ul style="list-style-type: none"> • Health & safety first • Remaining funds at borrower's discretion 	• Health and safety/unforeseen deficiencies only	<ul style="list-style-type: none"> • Health & safety first • Unforeseen deficiencies
Payment schedule	Funds are disbursed after work has been completed and inspected by a third party inspector	<ul style="list-style-type: none"> • Up to 50% up-front for materials if requested • Remainder of the funds when the borrower signs off that the work is complete and has been inspected, if applicable 	Payments are made after a HUD-approved consultant approves the work

1. Contingency percentage is at the discretion of the lender for the FHA 203(k) Streamline. Based on the current condition of the property and the scope of work for the renovation project the lender may add a contingency to the loan to cover any unforeseen health and safety issues that may be discovered during the renovation project.

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