Fannie Mae®

HomeStyle Renovation Mortgage

Borrowers now have an easy and affordable option to finance home renovations

HomeStyle Renovation is a conventional mortgage that lets borrowers finance improvements, renovations, or repairs to a home at the time of purchase or as a refinance transaction — up to 75% of the as-completed appraised value of the property.*

Flexible

Purchase or refinance option for any renovation project such as design updates or improvements, and even renovating accessory units like in-law suites or basement apartments.

Affordable

Your borrowers can take advantage of competitive rates, which may be lower than a home equity line of credit (HELOC) or a personal loan.

Simple

Standard pricing and conventional execution. Loans can be delivered even before the project starts and eligible for R&W relief once completed.
(Conditions apply)

Bundle mortgage products for more flexibility and savings

Both HomeStyle Renovation and HomeStyle® Refresh mortgages may be combined with a HomeReady® mortgage, so your low-income borrowers can take advantage of the following features:

- Low down payment and cancellable mortgage insurance (restrictions apply).
- Potentially lower rates than other forms of financing, such as home equity line of credit or credit cards.

To learn more, visit
fanniemae.com/hsrenovation

*The limit on eligible renovation funds is up to 75% of the lesser of the purchase price plus renovation costs, or the "as-completed" appraised value for purchase transactions; and 75% of the "as-completed" appraised value for refinance transactions. For manufactured housing, the eligible renovation funds capped at 50% of the "as-completed" appraised value.

	HomeStyle renovation	Government rehab loan
Maximum LTV (1-unit owner-occupied)	Up to 97% (See Fannie Mae's Eligibility Matrix for specific details based on the loan transaction)	96.5% x Up to 110% of the "as-completed" value
Minimum / maximum renovation costs	For Purchase: Limited to 75%** of the lesser of the purchase price plus renovation costs, or the "as-completed" appraised value For Refinance: Limited to 75% of the "as-completed" appraised value	Standard 203(k) Minimum cost = $5,000 Limited 203(k) Maximum cost = $75,000
Can be used on ANY project	**YES**	**NO**. Eligible projects are explicitly listed; prohibited projects are explicitly listed. Eligibility varies based on 203(k) Standard or Limited
Can finance accessory units (e.g., in-law suites, basement apartments, etc.)	**YES**	**YES**. Standard 203(k) **NO**. Limited 203(k)
Applicable to manufactured homes	**YES**. No structural changes allowed	**YES**
Allows upfront draws	**YES**. Up to 50% of total renovation costs	**YES**. Up to 50% of material costs
Includes contingency reserve / allowance	**YES**. Up to 15%	**YES**. Up to 20%
Easy loan delivery	**YES**. Conventional pricing / execution. Special approval required for loans delivered before renovation is completed.	**NO**. Requires FHA/GNMA approval
Rep & warrant relief eligibility	**YES**. Once renovation is completed (Subject to standard *Selling Guide* requirements on R&W relief)	**NO**. No R&W relief available
Can use ANY contractor / subcontractor for project	**YES**. Contractors must be licensed only when required by state law	**NO**. Contractors must be licensed per state / local requirement. 203(k) approved consultants must be used.
Requires proof of completion	**YES**. Form 1004D only	**YES**. Letter of Completion and Final Release Notice
Allows servicing transfers	**YES**. When work is complete	**NO**. No explicit policy
Guidelines on delinquency	Loan must be current at the time of recourse removal, with no more than one 30-day delinquency during the renovation period.	Project extensions may only be granted if borrower is current. Lender may refuse to make further draws if mortgage is delinquent; project must cease if mortgage is in default.

**For manufactured housing, the eligible renovation funds are capped at 50% of the "as completed" appraised value.

FAQs

Can lenders use HomeStyle Renovation financing on a manufactured home?

Yes, manufactured housing is eligible for HomeStyle Renovation financing, up to 50% of the as-completed value. The manufactured home must meet the applicable *Selling Guide* requirements in Section B2-3-02, Special Property Eligibility and Underwriting Considerations: Factory-Built Housing.

Can an accessory unit be detached from the primary dwelling?

Yes, an accessory unit may be detached from the primary dwelling. All improvements related to accessory units must be in compliance with local and state codes and statutes. They also must meet the applicable *Selling Guide* requirements for accessory units in Section B4-1.3-05, Improvements Section of the Appraisal Report.

Can landscaping costs be covered?

Yes, provided that the improvements are permanently affixed to the property.