

HomeStyle Renovation

Primary Residence ¹			
Purchase and Limited Cash-Out Refinance			
Property Type	Max LTV/CLTV ⁴		Min Credit Score
1 Unit	Fixed	ARM	620
	97% ^{2,3}	95%	
2 Units	85%		
3-4 Units	75%		
Second Home ¹			
Purchase and Limited Cash-Out Refinance			
Property Type	Max LTV/CLTV ⁴		Min Credit Score
1 Unit	90%		620
Investment Property ¹			
Purchase and Limited Cash-Out Refinance			
Property Type	Max LTV/CLTV		Min Credit Score
1 Unit	Purchase	LCO Refi	620
	85%	75%	

Footnotes

¹ Hawaii and Texas transactions: refer to the Geographic Restrictions section for additional guidance

² 95.01%-97% LTV/CLTV

- **Purchase:** At least one borrower must be a first-time homebuyer, see homeownership education below
- **Limited Cash-Out Refinance:** Existing loan must be owned (or securitized) by Fannie Mae ([Loan Lookup Tool](#))
- High Balance and ARMs are not permitted
- Manufactured homes not permitted

³ Exception:

- For LTV, CLTV, or HCLTV ratios 95.01 - 97% that combine HomeReady and HomeStyle Renovation, there is no first-time homebuyer requirement

⁴ > 80% LTV requires a minimum 620 credit score and mortgage insurance (MI)
Refer to Mortgage Insurance section for additional guidance

COVID-19 Temporary Process Effective 03/23/20	Refer to the Conventional Lending Guide COVID-19 Temporary Guidelines for guidance.							
Ineligible Transactions	<ul style="list-style-type: none"> • Community Seconds • Mortgage Credit Certificate (MCC) programs • Sweat Equity • Delayed Financing • Non-traditional credit 							
Geographic Restrictions	<p>Hawaii</p> <ul style="list-style-type: none"> • Properties in Lava Zones 1 or 2 are not permitted (verify the appraisal to confirm if property may be in a lava zone) • Hawaiian Home Lands transactions are not permitted <p>Texas</p> <ul style="list-style-type: none"> • Purchase transactions are permitted • Refinance transactions are not permitted 							
Calculating LTV/ Maximum Mortgage	<p>The value used to calculate the LTV</p> <table border="1"> <tr> <td>Purchase transaction</td> <td>the lesser of</td> </tr> <tr> <td></td> <td> <ul style="list-style-type: none"> • the purchase price plus renovation costs, or • the "as completed" appraised value </td> </tr> <tr> <td>Refinance transaction</td> <td> <ul style="list-style-type: none"> • the "as completed" appraised value </td> </tr> </table> <p>Refer to the HomeStyle Renovation Maximum Mortgage Worksheet (Form 1035) to calculate the maximum mortgage amount</p>		Purchase transaction	the lesser of		<ul style="list-style-type: none"> • the purchase price plus renovation costs, or • the "as completed" appraised value 	Refinance transaction	<ul style="list-style-type: none"> • the "as completed" appraised value
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Minimum Loan Amount	<table border="1"> <thead> <tr> <th>Conforming</th> <th>High-Balance</th> </tr> </thead> <tbody> <tr> <td>\$60,000</td> <td>\$1 > Conforming loan limit for the number of units for high cost areas</td> </tr> </tbody> </table>	Conforming	High-Balance	\$60,000	\$1 > Conforming loan limit for the number of units for high cost areas			
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Debt-To-Income (DTI)	<ul style="list-style-type: none"> • Per DU 							
AUS Requirements	<ul style="list-style-type: none"> • DU Approve/Eligible; Fannie Mae guidelines apply <p>Note: When pairing HomeReady with HomeStyle Renovation select HomeReady in DU. The more restrictive of HomeReady or HomeStyle Renovation guidelines apply. Can also add the exception footnote in 95.01-97% reflected on HomeStyle Reno matrix</p>							
Documentation	<ul style="list-style-type: none"> • Per DU 							



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Qualifying Rate	Fixed Rate	Initial Fixed-Rate Period ≤ 5 years	Initial Fixed-Rate Period > 5 years
		Qualify at the Note Rate	Qualify at the greater of the Fully Indexed Rate or the Note Rate + 2.0%
<i>Per DU Approve/Eligible findings; loans with MI may have more restrictive requirements</i>			
Income	Salaried Borrowers		
	<ul style="list-style-type: none"> • A current paystub dated within 120 days from the Note date • W-2's: Per AUS or; <ul style="list-style-type: none"> ◦ ≥ 2 years on job: W-2 covering the most recent year ◦ < 2 years on job: W-2 covering the 2 most recent years 		
	Rental Income		
	<ul style="list-style-type: none"> • Rental income is an acceptable source of stable income if it can be established that the income is likely to continue. • Rental income derived from the subject property must be one of the following: <ul style="list-style-type: none"> ◦ 2-4-unit principal residence in which the borrower occupies one of the units, or ◦ 1-4-unit investment property • Rental income derived from non-subject property have no restrictions on the property type 		
Asset Documentation	Self-Employed Borrower		
	<ul style="list-style-type: none"> • Business in existence for at least two years (as stated on application) • Personal signed individual tax returns, including all pages and schedules as required by DU • Corporate or partnership signed tax returns, including all pages and schedules as required by DU 		
Reserves	• Per DU		
Appraisal	<ul style="list-style-type: none"> • Appraisal must provide an “as completed” value • Plans and specifications must be used by the appraiser in the development of his or her opinion of the “as completed” value • Completion Certification must be documented on an Appraisal Update and/or Completion Report (Form 1004D) • Modification of Loan Amount – loan amount cannot be modified to adjust with changes in renovation costs 		
Contractors	<ul style="list-style-type: none"> • Borrower must choose contractor to perform the renovation • loanDepot Renovation team must review the contractor hired by the borrower to determine the contractor is adequately qualified and experienced for the work being performed. The Contractor Profile Report (Form 1202) can be used to assist with the determination • Plans & specifications must be prepared by a registered, licensed or certified general contractor, renovation consultant or architect • A construction contract is required. FNMA Construction Contract (Form 3734) may be used to document the construction contract between the borrower and contractor • Multiple Contractors – Borrower may use more than one contractor, provided that all requirements related apply to each contractor 		
Renovation Requirements	<ul style="list-style-type: none"> • The cost of renovations must not exceed <ul style="list-style-type: none"> ◦ 75% of the lesser of the purchase price plus renovation costs, or the “as completed” appraised value • The renovation or repair must be permanently affixed to the real property • Completion Date – Renovations must be completed within 12 months of closing date • HUD Consultant or approved 3rd Party Inspection Service is required if improvements/costs exceed \$50,000 • Structural repairs require a HUD Consultant or an approved 3rd Party Inspection Service regardless of total repair cost 		
Draw Process	<ul style="list-style-type: none"> • Contingency Reserve – Minimum 10% contingency required on all projects or as determined by the HUD Consultant or approved 3rd Party Inspection Service • Unused contingency reserve will be applied to a principal reduction after the final disbursement is completed • Two draws permitted without an FHA Cost Consultant; five draws permitted with an FHA Cost Consultant or an approved 3rd Party Inspection Service • Draws will be disbursed upon completion of certain stages of the work and will be done after inspections; title updates and invoices are received and reviewed by the loanDepot Disbursement Department • Remaining funds to be disbursed upon completion of all work, and after final inspection; final title update and approval from loanDepot Disbursement Department • Paid receipts or canceled checks are required to reimburse • Draw Request form to be completed with all supporting documentation • Original signatures from borrower, inspector or consultant (if utilized), the contractor, and underwriter or authorized agent of loanDepot are required on the Draw Request form. • Draw Requests will be reviewed for satisfaction of requirements prior to disbursements. • A final appraisal inspection will be required regardless of the number of draws. • Interim inspections are required prior to each draw if draws exceed (2) as directed by the FHA Cost Consultant or an approved 3rd Party Inspection Service. • Projects cannot have more than three (3) specialized contractors without use of a General Contractor to manage the project 		
Title Update	• An endorsement to the title policy extending the effective date through the completion of the renovation and assuring first lien position is required to be provided for final disbursement		



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	Eligible	Ineligible			
Borrower Eligibility	<ul style="list-style-type: none"> U.S. Citizens Non-U.S. Citizens – Refer to Non-U.S. Citizens policy <ul style="list-style-type: none"> Permanent Resident Non-Permanent Residents Inter Vivos Revocable Trusts Non-Occupant Borrowers 	<ul style="list-style-type: none"> LLC Irrevocable Trusts 			
Property Types	<ul style="list-style-type: none"> SFR/PUD (detached/attached) Condo (low/mid/high rise) 2-4 units Co-ops¹ <p>¹ Refer to the Co-ops section for additional guidance</p>	<ul style="list-style-type: none"> Agricultural/Income producing properties Manufactured homes Non-Warrantable Condo/Condotel Earth homes, and geodesic domes 			
Co-ops	<ul style="list-style-type: none"> Subordinate financing, and investment properties are not permitted IL, NJ, and NY states only Fixed rate only loanDepot project approval required: contact coop@loandepot.com 				
Mortgage Insurance	Standard – Required MI Coverage				
	Loan Term	LTV			
		80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%
	25 and 30 Year	12%	25%	30%	35%
	10, 15, and 20 Year	6%	12%	25%	35%
	Note: ARMs MI coverage follow fixed>20-year table regardless of term, up to 95% LTV.				
Homeownership Education and Housing Counseling	Required for transactions with LTV, CLTV, ratios greater than 95%, when <ul style="list-style-type: none"> All borrowers are first-time homebuyers; at least one borrower must participate in homeownership education Fannie Mae Homeownership Education and Housing Counseling 				
Credit	Mortgage/Rental History				
	<ul style="list-style-type: none"> Per DU 				
	Installment/ Revolving				
	<ul style="list-style-type: none"> Per DU 				
	Foreclosure, Bankruptcy, Deed-in-Lieu, Short Sale, Repossession, or Loan Modification				
	Derogatory Event		Discharge/Dismissal		
	Bankruptcy — Chapter 7 or 11		4 years		
	Bankruptcy — Chapter 13		2 years from discharge date 4 years from dismissal date		
	Multiple Bankruptcy Filings		5 years from dismissal date		
	Foreclosure		7 years		
	Loan Modification		No seasoning, DU will evaluate		
	Deed-in-Lieu of Foreclosure		4 years		
	Pre-foreclosure Sale				
	Charge-Off of Mortgage Account				
	Past-Due, Collection, and Charge-Off of Non-Mortgage Accounts				
	1 Unit Primary Residence	Not required to pay off outstanding collections or non-mortgage charge-offs—regardless of the amount			
	2-4 Units Owner Occupied & Second Homes	collections and non-mortgage charge-offs totaling more than \$5,000 must be paid in full prior to or at closing			
	Investment Properties	individual collection and non-mortgage charge-off accounts equal to or greater than \$250 and accounts that total more than \$1,000 must be paid in full prior to or at closing			

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Student Loans	Student loans in repayment, deferment, or forbearance:	
	If	Then
	Payment Reflected on Credit Report Payment <i>Not</i> Reflected on credit report Credit report shows \$0	May use that amount for qualifying purposes May use the monthly payment that is on the most recent student loan statement to qualify the borrower Use 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or a fully amortizing payment using the documented loan repayment terms If income-driven payment plan is \$0 Obtain student loan documentation to verify the actual monthly payment is \$0, then may qualify the borrower with a \$0 payment
Special Feature Codes	<ul style="list-style-type: none"> SFC 215 – HomeStyle Renovation Mortgages SFC 279 – Renovations completed at or prior to loan delivery 	

Eligible Terms								
Fixed	Conforming				High-Balance			
	Description/Term				Description/Term			
	15 Year Fixed				15 Year Fixed			
	20 Year Fixed				20 Year Fixed			
	25 Year Fixed				25 Year Fixed			
30 Year Fixed				30 Year Fixed				
SOFR ARM PLANS	Conforming				High-Balance			
	Description	Index	Margin	Caps	Description	Index	Margin	Caps
	5/6 ARM	SOFR	2.75%	2/1/5	5/6 ARM	SOFR	2.75%	2/1/5
	7/6 ARM			5/1/5	7/6 ARM			5/1/5
10/6 ARM	10/6 ARM							

