

Renovation Loan Programs

FHA 203K

- Owner occupied only
- Single family and 2-4 units
- ADU can only be financed with a single-family home
- ADU must be attached to existing home
- Convert garage or other existing space to an ADU
- Add bedrooms, bathrooms and full home remodel

FNMA HomeStyle

- Owner occupied, 2nd/vacation home and investor options
- Single family and 2-4 unit
- ADU can only be financed with a single-family home
- ADU can be attached or detached, site built, modular or manufactured homes
- Convert garage or existing space to an ADU
- Add bedrooms, bathrooms and full home remodel

Renovation Loan Programs

Freddie Choice

- Owner occupied, 2nd/vacation home and investor options
- Single family and 2-4 unit
- ADU can only be financed with a single-family home
- ADU can be attached or detached, site built, modular or manufactured homes
- Convert garage or existing space to an ADU
- Add bedrooms, bathrooms and full home remodel

All renovation programs use the “After-Renovated” value to calculate the loan to value. Be sure to run comps to see what the value might be with the renovation/ADU being completed

Renovation Purchase Scenario

FHA

- Purchase \$750,000
- Renovation \$150,000
- Acquisition \$900,000
- 3.5% down \$ 31,500
- Loan Amount \$868,500

Once the loan is closed, we deposit the \$150,000 into fund-controlled account and reimburse the contractor as they renovate the home

Renovation Scenario- Add ADU

Conventional (FNMA/Freddie)

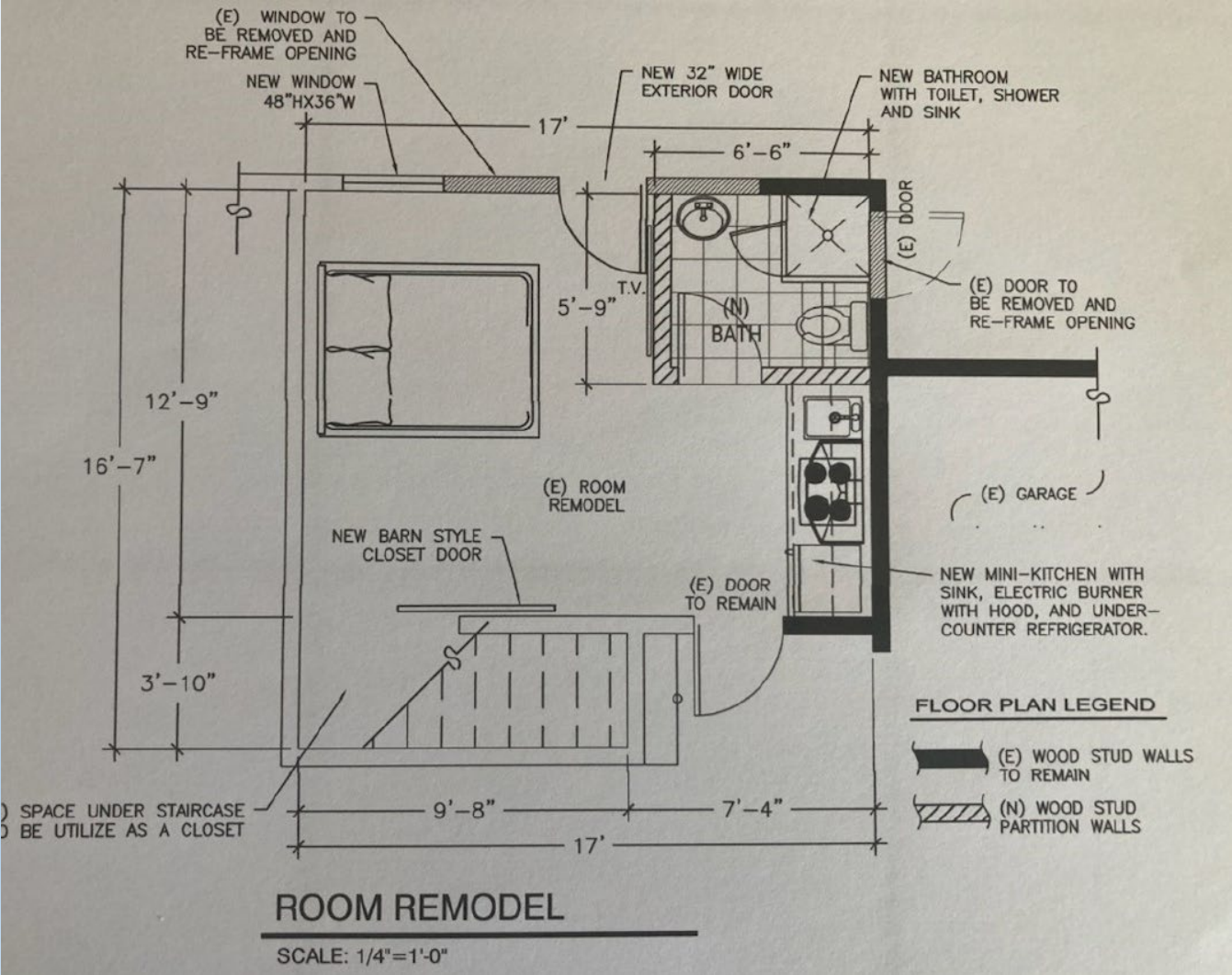
- Purchase \$490,000
- Renovation \$200,000 (up to \$40,000 from CalHFA for ADU)
- Acquisition \$690,000
- 5% down \$ 34,500
- Loan Amount \$655,500

Once the loan is closed, we deposit the \$200,000 into fund-controlled account and reimburse the contractor as they renovate the home and add the ADU

Home in Escrow



ADU Drawings



Use of ADU Grant Funds

- \$15,000 Plans/specs and permit fees
- \$6,000 Loan fees- Title, escrow, recording, notary and appraisal fees
- \$19,000 Rate buy down

We used the entire \$40,000 grant, with \$19,000 to buy the rate from 6.25% down to 5.25%.

Danny Fitzpatrick
Guild Mortgage
National Renovation Sales Manager
Phone 858-987-7849
Fax 858-291-1002

dfitzpatrick@guildmortgage.net
www.loans4remodeling.com

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