

Renovation Investor Test

What Renovation Loans can do for investors:

- ✓ Lend up to 80 or 90% of the acquisition cost of a project. (Acquisition cost is the sales price plus the cost of the renovation.)
- ✓ Allow the financing of up to six months mortgage payments into the loan.
- ✓ Lend 100% of the cost of renovation (after down payment towards sales price).
- ✓ Lend refinance money on properties you already own, that need renovation. "Cash out" refinances are also available on these transactions.
- ✓ Lend on any residential 1 unit property, regardless of condition. Even if the property is burned to the ground, we can do a loan on it, because the loan is based on future value and condition of the property.

What renovation loans cannot do for investors:

- ✓ Lend to LLC's. Loans must be in one or more individual's names.
- ✓ Do "no doc" loans.
- ✓ Lend on mixed use or commercial properties.
- ✓ Lend to anyone that has more than 10 properties mortgaged by all lenders.
- ✓ Lend on any mobile home.
- ✓ Lend to anyone with a credit score below 700* on purchase transactions, or below 680* on refinance transactions.
- ✓ Allow investors to do their own work. There must be a general contractor.

Purchase Basics

No Property Age Requirement
One Unit Properties Only
\$5000 Minimum Renovation Amount
Luxury Items Permitted
Repair of All Health and Safety Issues Must be Addressed
1 Unit: Max Loan Amount - \$417,000 2 Units: Max Loan Amount - \$460,150 3 Units: Max Loan Amount - \$566,500 4 Units: Max Loan Amount - \$691,600
20 or 30 Year Fixed
10-20% Down Payment of the Loan Amount
No MI Required if Less Than 81% LTV
Repairs Can't Exceed 75% of the As Completed Appraised Value
Finance Up to 6 Mo PITI into Loan while Renovations are Being Performed
No Gift Funds Allowed
Must have 3 months PITI in Reserves at closing.
Contingency Reserve - 10%
Full Documentation is required
Refinance and Renovate is available
Renovation Work Must Start Within 1-30 Days After Loan Closing
Maximum Delay of Renovation Work After Job Start-Up is 30 Days
Renovation Work Must be Completed Within 180 Days After Loan Closing

Note: This information can change at any time without notice. Please check with your Renovation Specialist before considering any of this information to be accurate.

PLEASE READ THE FOLLOWING QUESTIONS, IF YOU ANSWER “YES” TO ALL OF THE QUESTIONS, THEN WE CAN MORE THAN LIKELY PROVIDE FINANCING FOR YOUR NEXT RENOVATION PROJECT.

Even if we can't help you now, do not hesitate to contact us for further information on how you can be in a position to say “YES” to all the questions in the future.

1. _____ (yes/no) Do you have a middle credit score above 680?
2. **FOR PURCHASE ONLY:** _____ (yes/no) Do you have twice the amount needed in liquid assets to cover the down payment? The minimum down payment is usually 10-20% of the acquisition cost (sales price + renovation funds needed). You shouldn't need this much to close, but the reserves help ensure a positive credit decision.
3. _____ (yes/no) Are you prepared to pay the appraisal and credit report deposit of \$525.00 at the time of application?
4. _____ (yes/no) Do you own 5 or less mortgaged residential properties? If you are a first time investor answer “YES”.
5. _____ (yes/no) Are you willing to do the loan in your own name, as opposed to a business name?
6. _____ (yes/no) Do you agree to use an adequately licensed and insured general contractor for your renovation project?

***The credit score guidelines are set in stone. Note that other aspects of the file that are very strong, such as long employment history, lots of cash assets, and very low qualifying ratios can warrant an approval.**

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