

## HomePath® Renovation Mortgage

## Fact Sheet

**HomePath Renovation Mortgage** allows a borrower to purchase a property that requires light to moderate renovation. The loan amount includes both the funds for the purchase and for the renovation. The borrower works with the lender and the contractors to determine the renovations. The lender manages the renovation funds. An appraisal is required for this mortgage product and the renovation amount is based on the appraised as completed value.

### Benefits to the Borrower

- Special financing to fund both the purchase and light renovation
- Low down payment and flexible mortgage terms (fixed- or adjustable-rate)
- Down payment (at least 3 percent) can be funded by the borrower's own savings; a gift; a grant; or a loan from a nonprofit organization, state or local government, or employer
- No mortgage insurance (ask a lender for cost details on loans without mortgage insurance)
- Available for primary residence, second homes, and investment properties

### Renovations

HomePath Renovation financing allows for light to moderate renovation of a property – 35% of the appraisal - as completed value - and no more than \$35,000. Light to moderate renovations allow the borrower to live in the property while the renovations are completed. The repairs will be identified in the appraisal, including any cosmetic repairs identified by the borrower.

The HomePath Renovation lending process is:

#### Loan Processing Phase

1. Borrower selects property, lender, and contractor.
2. Lender pre-qualifies borrower, ensures that property is eligible, and approves contractor.
3. Borrower submits contractor's plans to lender.
4. Appraiser reviews plans and determines as-completed value.
5. Lender calculates maximum renovation amount and maximum mortgage amount.
6. Lender underwrites loan and the loan closes.

#### Renovation Phase

1. Lender establishes escrow for renovation
2. Contractor completes work.
3. Lender inspects to confirm work is completed
4. Lender disburses renovation funds in escrow to contractor
5. Upon completion, lender performs the final inspection, obtains title insurance endorsements and reconciles and closes escrow.

## Things to Consider

### Property Type - Condominiums

There are certain requirements that a condominium project must meet in order for a lender to provide financing on individual units within the condominium project. HomePath financing allows the lender to waive many of these requirements for the purchase of a Fannie Mae-owned condominium, but these flexibilities may not be available if the borrower later wants to refinance the loan or sell the condo.

### Homeowners Associations (HOA)

When financing a home, a borrower should consider that in addition to the monthly mortgage payment, there may also be Homeowners Association dues. These dues may cover a variety of services available in the neighborhood. The borrower should be sure to request and read the HOA documents and the financial status of the HOA.

### Seller Contributions

Seller contributions are allowed when using HomePath financing. While buyers are negotiating the final sales price, they should also consider negotiating the seller contribution to help pay for closing costs.

### Buyers Guide

A Buyers Guide for a Fannie Mae-owned Home is available at [www.HomePath.com](http://www.HomePath.com). Where you can learn more on how to find a property, make an offer, and finance new home.

**HomePath Renovation Mortgage** is available to both owner occupants and investors. HomePath financing is only one option in financing a Fannie Mae-owned property, and its use is not required. The borrower should always choose the best mortgage product that meets the needs of the borrower and the property.

For more information about HomePath financing visit [www.HomePath.com](http://www.HomePath.com)