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Your homebuyer guide to renovation

Maybe you've found the perfect location, but the house needs improving. Maybe staying in your current (but outdated) home is what's important. Either way, a renovation loan lets you make upgrades now and pay over time—so you can create a place you're proud to call home.

This guide outlines the process so you can be confident in your decisions every step of the way.

The benefits



Only one loan

You're able to buy or refinance a home and make improvements with just one loan and one monthly mortgage payment.

1



Make updates to suit your style

You can make the home your own and upgrade it to fit your personal taste.

2



Location, location, location

Buy a property in a neighborhood you love, or stay where you are, and make it your dream home.

3



You'll likely benefit at tax time*

Take advantage of more tax-deductible interest since the remodeling costs are all in your first mortgage.

4



Borrow more

You're able to borrow more money because the loan amount is based on an appraiser's estimate of what the property will be worth once the improvements are finished.

5



Spread out the costs

Pay for the cost of renovations over the life of your loan instead of all right now.

6

* Please see a tax advisor for more information.

The basics



A renovation loan allows you to buy or refinance a home in almost any condition, make improvements and pay for them over time.

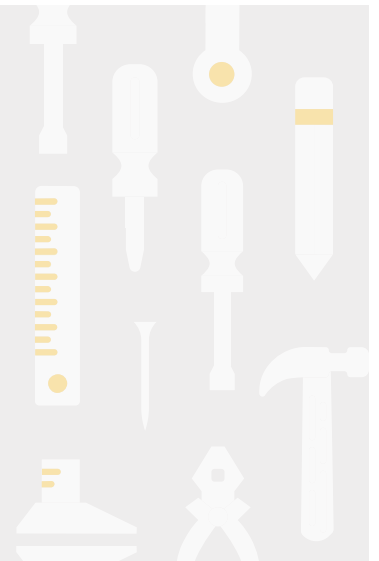


What kinds of renovations can be made?

The sky's the limit on what types of improvements you can make, depending on the financing you choose.

Examples:

- Remodel kitchens and bathrooms
- Upgrade electrical, plumbing, heating and air conditioning
- Build second stories and room additions
- Create accessible entry and make improvements to livability
- Repair cracked slabs or make structural improvements
- Install new flooring, windows, doors, cabinets, and appliances
- Install swimming pools, outdoor entertainment areas and landscaping
- Rebuild an entire house on an existing foundation
- Add an Accessory Dwelling Unit (ADU), also known as a Granny Flat



The options



What loan programs are available? We offer both purchase and refinance renovation options with just one loan and one monthly mortgage payment.

Conventional Renovation	FHA 203(k)	FHA 203(k) Limited
This loan offers the most flexibility in terms of which renovations are possible. With the FNMA HomeStyle Renovation loan you can make nearly any upgrade including luxury improvements like home theatres or swimming pools.	The government renovation loan, or FHA 203(k), is a good option if you're planning on a larger or complex project and you need the flexibility of a low down payment.	The FHA 203(k) Limited is a good program if you only want to make minor repairs or cosmetic improvements like new flooring or appliance upgrades. It's designed to finance projects that can be completed quickly and easily.

Refinance with a renovation loan

- You provide us with a cost breakdown for the renovation and we appraise the home as if the renovation work has already been completed, giving us the after-renovated value
- A refinance renovation loan uses the after-renovated value to allow you to tap into future equity now
- We provide you one new loan that includes the renovation funds for your project

Renovation Loan Program comparison chart

	Conventional	FHA 203(k)	FHA 203(k) Limited
Types of improvements	<ul style="list-style-type: none"> Health and safety Livability Structural repairs Luxury items 	<ul style="list-style-type: none"> Health and safety Livability Structural repairs 	<ul style="list-style-type: none"> Health and safety Livability
Min. down payment	<ul style="list-style-type: none"> As low as 3% 	<ul style="list-style-type: none"> As low as 3.5% 	<ul style="list-style-type: none"> As low as 3.5%
Transaction types	<ul style="list-style-type: none"> Purchase Rate/term refinance 	<ul style="list-style-type: none"> Purchase Rate/term refinance 	<ul style="list-style-type: none"> Purchase Rate/term refinance
Financing payments	<ul style="list-style-type: none"> Finance up to six months of mortgage payments 	<ul style="list-style-type: none"> Finance up to six months of mortgage payments 	<ul style="list-style-type: none"> Mortgage payments cannot be included
Occupancy types	<ul style="list-style-type: none"> Owner occupied Second homes Investment properties 	<ul style="list-style-type: none"> Owner occupied 	<ul style="list-style-type: none"> Owner occupied
Consultant requirements	<ul style="list-style-type: none"> Consultant not required 	<ul style="list-style-type: none"> HUD consultant required 	<ul style="list-style-type: none"> HUD consultant not required
Renovation funds disbursement schedule	<ul style="list-style-type: none"> Funds are disbursed in draws after a third-party inspector approves each phase of the work 	<ul style="list-style-type: none"> Funds are disbursed in draws after an HUD-approved consultant approves each phase of the work 	<ul style="list-style-type: none"> Up to 50% of funds may be disbursed up front for materials, if requested Remainder of funds are disbursed when the work is complete and has been inspected, if applicable

The details



Can I get a renovation loan if I already own a home?

Yes, current homeowners can refinance and include renovation costs into their new loan.

Repair guidelines

- Work must begin within 30 days of closing, cannot stop for more than 30 consecutive calendar days, and must be completed within six months*
- Regular updates on the progress of the work are required every 30 days

Property guidelines

- Most owner-occupied properties are eligible, depending on the loan program:
 - » 1–4 unit properties, in some cases, mixed-use
 - » Condos
 - » PUDs
 - » Manufactured homes
- Second homes
- Investment properties
- Newly constructed additions
- The number of units on the site must comply with the local zoning requirements



The process



Getting started

Our experienced loan officer will help you:

1. Get pre-approved so you know how much you can spend and can make an offer if you find the right home
2. Understand your renovation loan options and apply for financing
3. Start your search for a licensed general contractor



Pre-approval and planning

At your initial consultation you provide:

1. Information about your income, assets, liabilities, and any owned real estate
2. Written consent(s) for us to pull a copy of your credit report(s)

Your loan officer provides:

1. Information on the loan options that fit your needs and financial situation
2. A pre-approval letter so you can start house hunting



Preparing your loan for review

Once you've chosen a property, your renovation loan specialist will help:

1. Ensure you have selected a licensed general contractor
2. Finalize the cost breakdown for your desired renovations



Loan processing

1. Your renovation loan specialist orders an appraisal of what the property value will be once the improvements are made
2. General contractor approval process is completed
3. The loan processing team reviews your file and submits your application to the underwriter
4. The underwriter reviews your loan application and issues the credit decision



Closing your loan

Once the credit and property have been approved, your loan will move to closing.

1. Ask your renovation loan specialist for clarification on anything you don't fully understand
2. Attend your closing meeting and get the key!



Getting the funds to do the work

1. After your loan closes, the balance of your loan will be held in a Construction Holdback Account
2. Our partner, Land Gorilla, will assign you a Construction Loan Administrator (CLA)
3. The CLA makes "draw requests" to obtain funds to pay for the work as improvements are made

The work



After your loan closes, the balance of your loan will be held in a Construction Holdback Account.

Our partner, Land Gorilla, will assign you a dedicated Construction Loan Administrator (CLA) who will become your point of contact. The CLA communicates with you and coordinates the needs of the contractor, the inspector, the title company and Guild Mortgage during renovation. The CLA manages the process of obtaining the funds, by making “draw requests” as improvements are made.

Draw requests can be made online through the Land Gorilla Construction Loan Manager website or requested via email directly to the CLA.

Draw request online

You and your contractor will have online access to the Construction Loan Manager website to view the project information, important documents, request draws and inspections. Your CLA will email you with your personal login information.

Draw request via email

Draw requests can be made via email by sending the completed draw request package and supporting documents directly to your CLA’s email address.

Draw requirements

Each draw request must be accompanied by supporting documentation, completed forms and all state required filings. The CLA will make sure the request is complete and orders any necessary inspections and updates to the title policy.

The decision



Ready to get started?

We know there's a lot to consider when buying or refinancing a home. Adding renovations to the mix can seem complicated, but we handle the details so you don't have to.

Our experienced team of renovation loan specialists will help you make a decision that best fits your life. We'll be here every step of the way.

Let's talk today.



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