WHEDA

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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Lender Update 2018-14

October 2, 2018

In this Update:

- **Introducing the latest addition to WHEDA's Advantage Conventional Program - HomeStyle® Renovation!**

WHEDA is excited to announce the expansion of our Advantage Conventional program to include Homestyle Renovation!

WHEDA's latest way to help you assist MORE buyers!

WHEDA's new HomeStyle Renovation nuance allows a borrower to purchase a property, or refinance an existing WHEDA loan, and roll the below costs INTO THE TRANSACTION:

- Repairs
- Remodeling and renovations
- Energy improvements

And the work can be completed up to 6 months AFTER CLOSING!

SAME WHEDA GUIDELINES:

1. Available statewide on ALL Advantage Conventional property types
2. Preferred (with MI) and Risk Share (No MI) options!
3. Single loan closing financing
4. All current WHEDA Advantage Conventional Eligibility parameters apply
5. 100% financing with both WHEDA DPA options

NEW LENDER BENEFITS:

- No third party vendor or 203K Consultant required, saving your borrower(s) money!
- Don't have to wait for completion of work to get paid!
- Ability to allow your borrowers to explore more home choices for purchase!
- Borrowers don't need to save up for the home repairs, needs and wants, just roll them into the mortgage!
- Another WHEDA "tool" to assist your Realtors and Borrowers!

AVAILABILITY:

Lenders may begin registering HomeStyle Renovation loans in WHEDA-Connect beginning Monday, October 15, 2018.

The HomeStyle Renovation product names in WHEDA-Connect are:

- FTHB HFA HomeStyle Preferred w/ MI
- HFA HomeStyle Preferred w/MI
- FTHB HFA HomeStyle Preferred Risk Sharing
- HFA HomeStyle Preferred Risk Sharing

HOMESTYLE RENOVATION NUANCE SPECIFICS

- Maximum LTV/CLTV/HCLTV are per the WHEDA Advantage Conventional Eligibility Matrix
- LTV based on the lesser of purchase price plus renovation costs or "As-Completed" value of the home.
- Lenders must use Fannie Mae's HomeStyle Renovation Maximum Mortgage Worksheet.

Maximum Amount of Improvements	
Transaction Type	The cost of renovations must not exceed…
Purchase transaction	75% of the lesser of: • The sum of the purchase price of the property plus renovation costs, or • The "subject to" appraised value of the property
Refinance (WHEDA to WHEDA only)	75% of the "subject to" appraised value of the property
Manufactured Home	The lesser of: • $50,000 or • 50% of the "subject to" appraised value of the property

- **Renovation-Related Costs that can be rolled into the mortgage**
  Renovation-related costs that may be considered part of the total renovation costs include, but are not limited to:
  - 10% Contingency Reserve
  - Property inspection fees
  - Costs and fees for title update
  - Independent consultant fees
  - Permit fees

- If the borrower is unable to occupy the subject property at the time of closing, up to six months (PITI) may be included in the total renovation costs.
- Sweat equity is not allowed.

- **Eligible Improvements**
  Allowable improvements include, but are not limited to:
  - Renovations to kitchen and bathrooms
  - Installing energy efficient furnaces and/or cooling systems
  - Windows
  - Doors
  - Siding
  - Roofs
  - Energy Star Appliances that are a part of a substantial change or upgrade to the room in which the appliance would otherwise be placed

HOMESTYLE RENOVATION PROPERTY SPECIFICS

- **Manufactured Housing**
  - Improvements to kitchens or bathrooms
  - Installing energy efficient heating and cooling systems
  - New windows, doors, siding, or roofing

- **Condominiums**
  - Must be permissible under HOA by-laws, or
  - Must be limited to the interior of the unit

HOMESTYLE RENOVATION DOCUMENTATION SPECIFICS

- Renovation Contract signed and dated by the borrower(s) and contractor(s)
- Scope of Work must:
  - fully describe the work to be completed
  - state the agreed-upon cost of the work
  - identify any sub-contractors
  - indicate when various stages of work will be complete, including a start date and completion date
  - Must be signed and dated by both the borrower(s) and the contractor(s)
- Renovation Loan Agreement signed and dated by the borrower(s) and the lender
- Escrow Agreement signed and dated by the borrower(s) and the title company
- Consumer Tips signed and dated by the borrower(s)

- Contractor Requirements
  - The borrower can work with a contractor of their choice, subject to determination that the contractor is licensed by the State of Wisconsin.

RESOURCES

- Section 3.04 of the WHEDA Advantage Conventional Guide
- Section 10.10 of the Policy and Procedures Guide,
- Fannie Mae's Selling Guide.

New and Revised Forms:

- Application Package Checklist (form 6)
- Closing Package Checklist (form 12)
- Funding Request (form 7)
- Renovation Contract Agreement (form 38)
- Renovation Loan Agreement (form 39)
- Multi-Disbursement (form 40)

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