

# HomeStyle<sup>®</sup> Renovation Mortgage vs. Government Rehab Loan

	HomeStyle Renovation	Government Rehab Loan
Maximum LTV (1-unit owner-occupied)	Up to 97% (See Fannie Mae's Eligibility Matrix for specific details based on the loan transaction)	96.5% x Up to 110% of the "as-completed" value
Minimum / maximum renovation costs	For Purchase: Limited to 75%* of the lesser of the purchase price plus renovation costs, or the "as-completed" appraised value For Refinance: Limited to 75% of the "as-completed" appraised value	Standard 203(k) Minimum cost = \$5,000 Limited 203(k) Maximum cost = \$35,000
Can be used on ANY project	✓	✗ Eligible projects are explicitly listed; prohibited projects are explicitly listed Eligibility varies based on 203(k) Standard or Limited
Can finance accessory units (e.g., in-law suites, basement apartments, etc.)	✓	✓ Standard 203(k) ✗ Limited 203(k)
Applicable to manufactured homes	✓ No structural changes allowed	✓
Allows upfront draws	✓ Up to 50% of material costs	✓ Up to 50% of material costs
Includes contingency reserve / allowance	✓ Up to 15%	✓ Up to 20%
Easy loan delivery	✓ Conventional pricing / execution. Special approval required for loans delivered before renovation is completed.	✗ Requires FHA / GNMA approval
Rep & warrant relief eligibility	✓ Once renovation is completed (Subject to standard Selling Guide requirements on R&W relief)	✗ No R&W relief available
Can use ANY contractor / subcontractor for project	✓ Contractors must be licensed only when required by state law	✗ Contractors must be licensed per state / local requirement 203(k) approved consultants must be used
Requires proof of completion	✓ Form 1004D only	✓ Letter of Completion and Final Release Notice
Allows servicing transfers	✓ When work is complete	✗ No explicit policy

\*For manufactured housing, the eligible renovation funds capped at the lesser of \$50,000 or 50% of the "as-completed" appraised value.