

HomeStyle[®] Renovation Mortgage

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The HomeStyle Renovation Mortgage offers a complete solution for home renovation financing, allowing you to combine home purchase or refinance with home improvement financing all in one loan, with a single closing. You can choose a 15- or 30-year fixed-rate mortgage, or an adjustable-rate mortgage (ARM).

Almost any type of permanent improvement, including cosmetic repairs and landscaping, is allowed. In addition, other costs related to the renovation, such as architectural services, engineer fees, inspection fees, and permits, also can be financed.

You also can finance materials used for work that you complete yourself.

Loan Features

- Improvements up to 50 percent of the as-completed value of the home can be financed.
- An appraisal is performed to determine the home's future or "after-improvement" value.
- If you need to move out during the renovation, you may be able to finance a payment reserve of up to six months to cover principal and interest and escrow payments on your mortgage. For example, if you have to spend six months renting an apartment during the renovation, you may be able to roll these expenses into the loan amount if the property value will support such financing.

Considerations

- A complete solution for financing home renovations.
- Benefit from lower interest expense, since interest rates for the HomeStyle Renovation Mortgage are usually lower than the second mortgage rates often associated with home improvement financing.
- Minimize out-of-pocket expenses by financing ancillary costs.

Example

Here is a hypothetical example:

- \$100,000 purchase price
- 5% down payment
- 1% origination fee (including prepaid interest and mortgage insurance)
- 30 year fixed rate
- 8% interest rate
- 8.14 APR

The interest rate and APR shown are examples only and are not intended to represent actually available terms.