

Announcement 2017-17

FHA 203(k) Standard and Limited Programs

Planet Home Lending is pleased to announce effective March 6, 2017, PHL will begin offering the FHA 203(k) Standard and Limited programs. Sellers must be approved by Planet Client Management prior to submitting 203(k) loans for purchase.

203(k) Overview

The 203(k) program allows the borrower to obtain a single loan to purchase a property or to refinance an existing loan and complete construction/repairs/improvements after loan closing using the "After-Improved" value of the property.

Standard 203(k)

The 203(k) Standard program is designed for more extensive construction/renovation projects.

- Repairs must be a minimum of \$5,000, and the total mortgage amount on the property including the cost of repairs must fall within the FHA mortgage limits for the area where the property is located.
- Requires a Consultant who works directly with the borrower and contractor, provides initial work write-up, performs draw inspections to approve disbursement to the general contractor and establishes the Contingency Reserve amount.
- Projects may include room additions, major landscaping improvements, repairs to structural damage, repair/replace flooring, appliances, and windows, weatherization, replace/upgrade electrical, plumbing, heating and air conditioning, replace roofing, etc.

Limited

The 203(k) Limited program is designed for minor rehabilitation/renovation projects.

- Repairs/Renovation limited to a maximum of \$35,000. The total mortgage amount on the property including the cost of repairs, must fall within the FHA mortgage limit for the area where the property is located. There is no minimum renovation amount.
- Borrowers are not required to hire professional consultants, licensed engineers or architects. The appraiser will put together a list of recommended (and in some cases required) repairs/improvements.
- Must utilize borrower directed licensed contractor. Contractors provide written work, plans, and cost estimates.

General Eligibility

- Purchase and rate/term refinance transactions
- Minimum 620 credit score
- Conforming and High Balance loan amounts
- 1-4 unit primary residence
- SFR, PUDs, and condos (attached/detached)
- 30 year fixed rate
- A DU Approve/Eligible or LPA Accept/Eligible finding is required; manual underwrites are not eligible.

Refer to the PHL Seller Guide for additional program requirements.

203(k) Resources

Program matrices, overlays and other program specific documentation including document samples have been posted on the Correspondent website at www.PHLCorresopndent.com.

- Sellers may utilize their own forms however any form used must contain all of the information requested on the Planet forms.

Please contact your Regional Sale Manager to apply.