

Regular / Streamlined 203(k) Comparison

Many factors determine whether the loan is considered a regular or a streamlined 203(k). Some of the factors are represented in the matrix below.

| Factor | Regular 203(k) | Streamlined 203(k) |
|---|---|---|
| Repair Costs | <p>Minimum repair cost threshold is \$5,000 Maximum loan amount is the lesser of the:</p> <ul style="list-style-type: none"> • <u>FHA loan limit</u> for the area OR ▪ <u>Applicable LTV limit</u> | <p>No minimum repair cost threshold Maximum loan amount is the lesser of the:</p> <ul style="list-style-type: none"> • <u>FHA loan limit</u> for the area OR • <u>Applicable LTV limit</u> <p>Maximum total financed rehabs cannot exceed \$35,000 (<i>repair cost plus contingency</i>)</p> |
| Eligible Repairs | Major rehabilitation or major remodeling additions to existing construction, repair of structural damage, repairs requiring architectural drawings or examples. For a complete list see the Government Technical manual. | Intended for uncomplicated rehabilitation and/or improvements to a home for which plans, consultants, engineers and/or architects are not required. For a complete list see the Government Technical manual. |
| Ineligible Repairs | <p>Luxury items and improvements that do not become a permanent part of the real property are not eligible Repairs that will take longer than 6 months or cannot start within 30 days of closing.</p> | Repairs that require a or architectural exhibits. Repairs that will take longer than 6 months or cannot start within 30 days of closing. Repairs that require the customer to be displaced from the property for more than 30 days. |
| Draws | A maximum of five draws is allowed (four intermediate and one final). The borrower can only request reimbursement for work included in cost of rehab and completed per the draw request. An inspection is required prior to each draw. Draw requests must be approved by the inspector, contractor, and customer. There is a 10% holdback on each draw which will be paid after the final inspection. | A maximum of two draws is allowed. 50% of the rehab amount may be disbursed at the discretion of the lender prior to beginning construction to defray materials costs. The second and final draw will be made upon completion of work. |
| Contingency Reserve | The cost estimate must include a contingency reserve of a minimum of 10% of the cost of rehabilitation, but if the utilities were not turned on for the inspection, a minimum of 15% is required. The contingency reserve may not exceed 20%. | Not mandated per the Streamlined 203 (k) program, however a contingency reserve account may be set up for administering the loan at the lender's discretion. |
| Inspections | For each draw request, the property must be inspected by an FHA approved consultant selected from the roster to assure the percentage of work completed matches the percentage of funds requested. | ██████████ requires one final inspection prior to the disbursement of remaining funds be completed on all Streamline 203(k) loans. |
| Lender Fees | Supplemental origination fee, discount on loan and discount on rehab costs may be charged. | Supplemental origination fee, discount on loan and discount on rehab costs may be charged. |
| Other Fees | Independent consultant fees, architectural and engineering fees, plan review fees (if applicable), inspection fees, building and other permits, title update costs and the amount of any contingency reserve required by the lender. | <p>Inspection fees, building and other permits, title update costs and the amount of any contingency reserve required by the lender.</p> <p>Architectural, plan reviewer and consultant fees are not applicable.</p> |
| Combine with Energy Efficient Mortgage (EEM) | EEM can be added to the 203(k) maximum mortgage amount and may exceed the statutory limit. However, it may not exceed 110% of the as-improved value. See the Government Technical manual for more information. | EEM may be used in conjunction with the Streamlined 203(k) program. The amounts permissible under the EEM program are in addition to amounts available under Streamlined 203(k) in which case repair cost may exceed the \$35,000 limit. |