

REHAB MATH

for HomeStyle® Loans

HOW THE NUMBERS WORK

Sample Rehab Scenarios

Purchase Scenario A

*LTV based on lesser of Completion Value or Purchase Price + Rehab

Purchase Price	\$75,000
Rehab Cost	\$200,000
Total Project Cost	\$275,000
Value after Completion	\$300,000
Max Loan Amount (97% x \$275,000)	\$266,750
Down Payment (3% x \$275,000)	\$8,250
Equity Gain	\$25,000

Purchase Scenario B

*LTV based on lesser of Completion Value or Purchase Price + Rehab

Purchase Price	\$175,000
Rehab Cost	\$50,000
Total Project Cost	\$225,000
Value after Completion	\$220,000
Max Loan Amount (95% x \$220,000)	\$209,000
Down Payment* (5% x \$220,000)	\$16,000

Refi Scenario A

*LTV based on Completion Value

Current Home Value	\$150,000
Current Mortgage (83% LTV)	\$125,000
Rehab Cost	\$100,000
Total Project Cost	\$225,000
Value after Completion	\$250,000
New Mortgage Amount (90% LTV)	\$225,000
Equity Before Rehab	\$25,000
Equity After Rehab	\$25,000
Out of Pocket Cost	\$0

Refi Scenario B

*LTV based on Completion Value (Master Suite Addition, Pool & Landscaping)

Current Home Value	\$150,000
Current Mortgage (83% LTV)	\$125,000
Rehab Cost	\$200,000
Total Project Cost	\$325,000
Value after Completion	\$300,000
New Mortgage Amount (95% LTV)	\$285,000
Down Payment* (5% x \$300,000)	\$40,000

These are hypothetical examples to illustrate how the math works with Rehab Financing. The Max Loan is based on the completed value with no cash out to the borrower. Equity gain or loss is driven by costs relative to completed appraised value. Over-improving a home can result in additional out-of-pocket costs and/or a loss of equity. [Click here to use the HomeStyle Maximum Mortgage Worksheet.](#)

One Time Close Rehab Mortgage

97% Max LTV Purchase & Refi

95.01–97% LTV for 1st Time Buyer on 1-unit primary residence, or HomeReady-eligible borrowers, or current Fannie-owned mortgage

1–4 Unit Property

97%/95% LTV for 1 unit, 85% LTV for 2 units, 75% LTV for 3–4 units

Do-It-Yourself

Allowed at Lender's discretion, SFR only with restrictions

75% Max Rehab Cost

Renovation Cost limited to the lesser of 75% of the Purchase Price plus Rehab Cost or 75% of the completed appraised value

Purchase & Refi

30- and 15-year fixed

Contact your District Director for more information



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