

SELL MORE HOMES WITH RENOVATION LOANS

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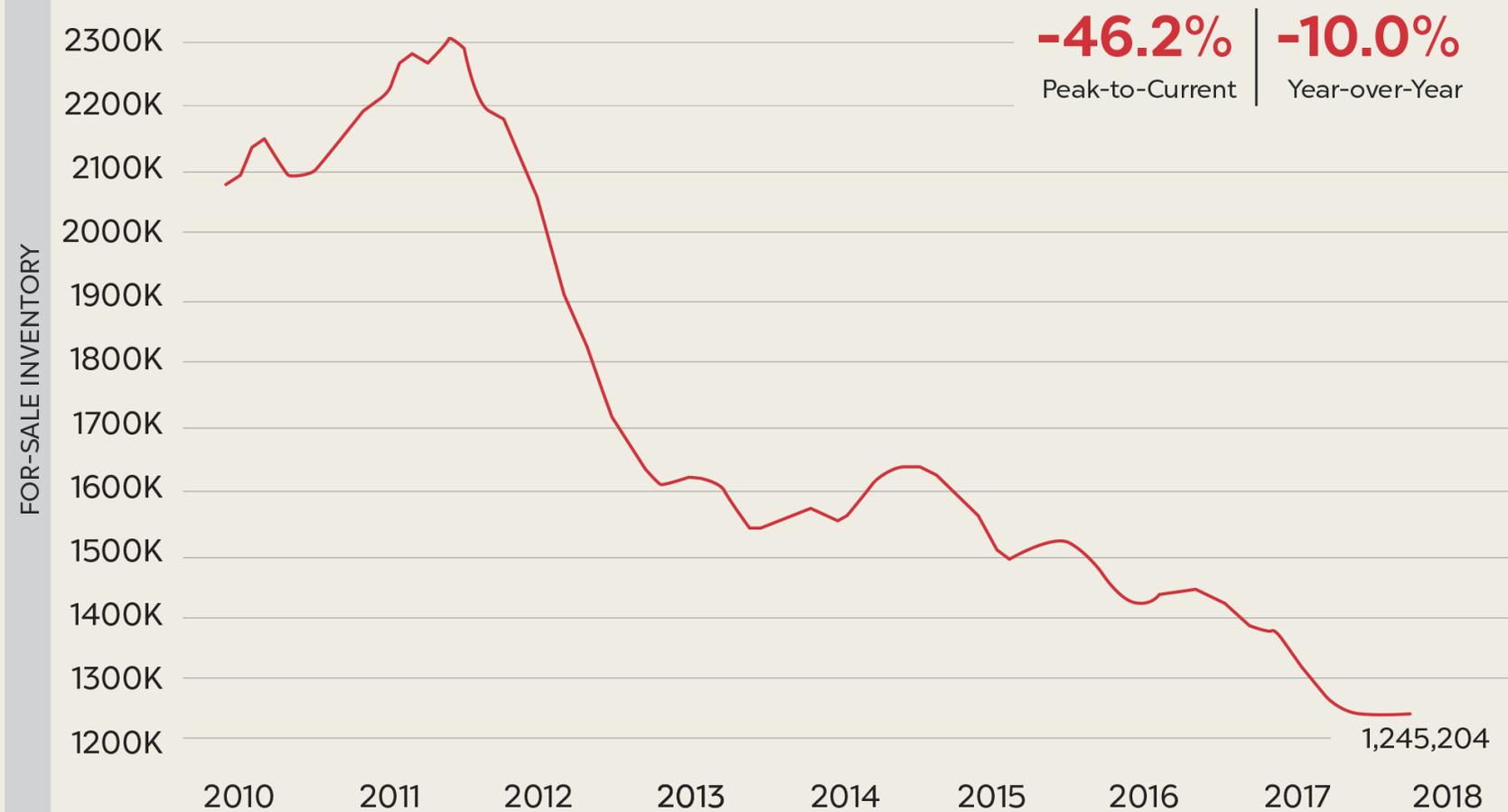
Rochester MBA



Massive Market Opportunity

Zillow For-Sale Inventory

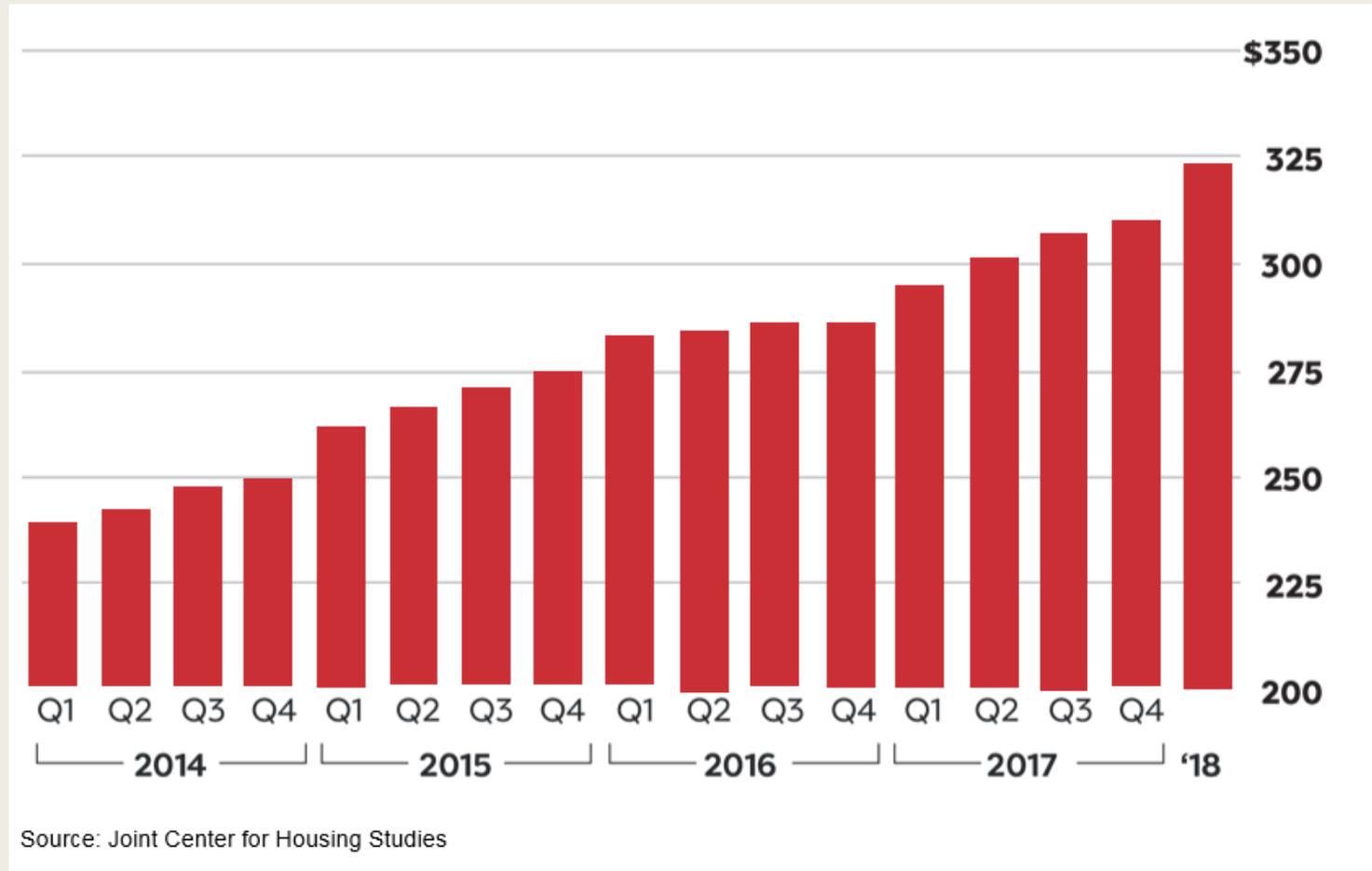
The number of U.S. homes for sale is low and falling.



Source: Zillow For-Sale Inventory (Seasonally Adjusted, Smoothed) (December 2017)

Remodeling spending on the rise

In billions



Source: Joint Center for Housing Studies

Age of Sold Homes

The average age of sold homes has almost doubled since the housing collapse, largely because of the lack of new construction.

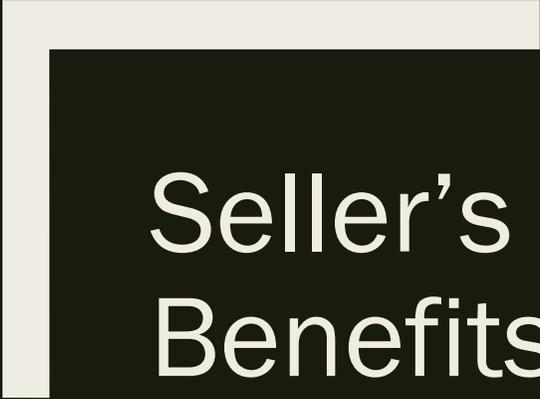




Buyer's Benefits

Renovation loans offer a number of benefits that allow Buy-Side agents to provide additional options to potential home buyers.

- Increase the inventory of potential homes
- Offers lower starting prices
- Provides financing options for flawed properties in flawless neighborhoods
- Overcomes appraisal challenges



Seller's Benefits

Renovation loans offer a number of benefits that allow Seller's agents access to increased inventory and faster turn times for units that aren't "perfect".

- Shorten "time on market" status
- Negates the need for repairs, can sell "as is"
- Overcomes appraisal issues for buyers
- Increases property credibility when compared to modern listings

Loan Product Features

Loan based on post-close renovation value

Realtor commission is paid at closing

Low first mortgage interest rates

One time closing with purchase price and renovation amounts included in a single loan



Renovation Loan Products

FHA 203(k)

Borrowers can have lower FICO scores and higher debt to income ratios. FHA loans are more lenient than conventional. But property must be primary residence, and “luxury” improvements cannot be financed.

- Standard for projects over \$30,000 or structural in nature (\$5,000 minimum)
- Limited for \$30,000 or less projects and no minimum
- Buyer cannot be related to contractor

Homestyle

There are no restrictions on occupancy status. You can finance a primary residence, rental property or vacation home. Allows for luxury improvements and higher loan limits.

- Standard for projects over \$50,000 or structural in nature (minimum \$5,000)
- Limited for projects under \$50,000
- Buyer can be related to contractor

SONYMA – Neighborhood Revitalization

- Owner Occupant program to purchase 1-4 unit VACANT properties in eligible communities –

Albany, Bronx, Broome, Dutchess, Erie, Kings, Monroe, Nassau, New York, Onondaga, Orange, Queens, Rensselaer, Richmond, Schenectady, Suffolk, Ulster

- Offers a \$20,000 forgivable loan for renovations
- Borrowers do not have to be first time homebuyer
- Closing Cost assistance available with SONYMA DPAL
- Home buyer education required
- Contracts to be written with 30 day commitment and additional 45-60 days to close

SONYMA – RemodelNY

- Owner Occupied 1-2 unit homes
- Income limits and other SONYMA criteria applies
- DPAL available to eligible borrowers
- \$1,000 minimum repairs with no maximum repair amount
- Consultant required when renovations exceed \$35,000 or scope of renovation includes structural repairs or improvements

Nuts & Bolts

- Work is “designed” before closing and actually performed after closing
- Appraisal is done in consideration of the repairs for both value and condition
- Contractor is buyer’s choice, not mandated by lender
- Contractor “validation” will vary by lender
- Contract has 6 months after closing to complete work
- “Self Help” guidelines exist but difficult to get approved
- Appliances can be included (even a washer and dryer)
- Consultant’s (if needed) are HUD approved and buyer selects

Consultants – what do they do?

- Identify Required Repairs at the property
- Confirm the overall “feasibility” of the financed repairs
- Become the post close inspector for draws
- Help contractor and borrower complete draw paperwork
- Overall advise on all things renovation



DEBUNKING MISCONCEPTIONS

Here's the math:

“Big Box” Financing

If a buyer uses a Big Box credit card, after their teaser promotional period, rate can be 24.99 or higher

\$10,000 in credit card spending comes with a interest only payment of \$208 a month. Pay the principal too and it would be \$240 a month to pay in 30 years

Renovation Financing

Building \$10,000 into your 30 year mortgage loan increases the payment \$60 a month and that's tax deductible



QUESTIONS?