



GATEWAY FUNDING
DIVERSIFIED MORTGAGE SERVICES, L.P.

Making Money With RENOVATION LOANS

Presented By



Contents

- What is a Renovation Loan?
- How does this help my Clients?
- How can Renovation Lending help you?
- Marketing Renovation Loans
- Summary





Types of Renovation Loans

- FHA 203(k)
- FHA 203(k) Streamline





Nuts and Bolts of Renovation

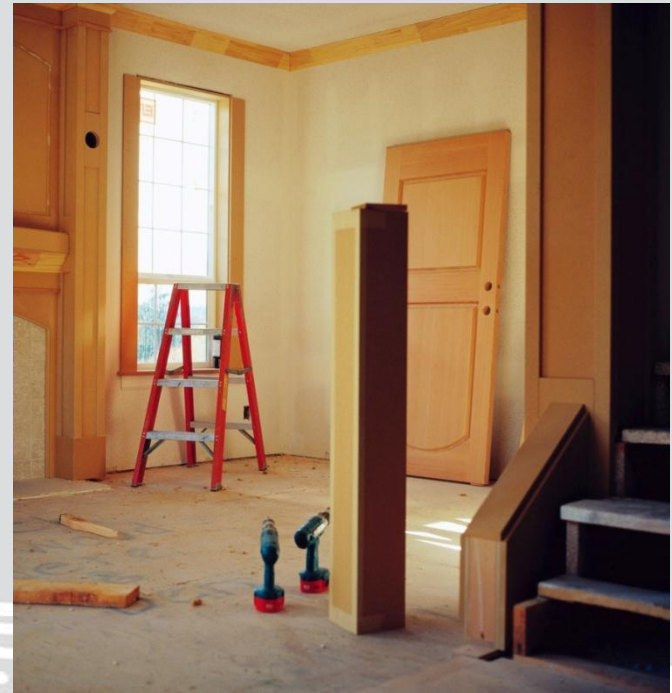
- 1st Lien Position, Owner Occupied
- Non-occupying co-borrowers allowed
- Owner Occupied Up to 103% of After Improved Value
- 1-4 Unit 203(k)





Typical Projects

- Kitchen/ Bathrooms
- Painting/ Carpeting
- Additions
- Windows/ Siding
- Plumbing/ Heating
- Energy Conservation





Other Ideas

- New free standing appliances
- Swimming pool repairs
- Septic/ water systems
- Heating and air conditioning
- Roof maintenance



Drilling Down on the Differences

REGULAR LOAN

- Pre-qualify
- Application
- Order Appraisal
- Approve
- Close



RENOVATION LOAN

- Pre-qualify
- Application
- Obtain Work Write-up
- Order “As-Completed Appraisal”
- Approve
- Close



Simple Steps for Speedy Closing

- Meet with borrowers
- Borrower and consultant meet at property
- Obtain work write-up
- Order appraisal as borrower obtains contractor bids
- Execute construction contracts
- Submit to underwriting





Measures to Help Your Clients

- Buying fixer-uppers with no extra cash out of pocket
- Buy their “almost” dream home
- Putting renovation costs in a tax deductible mortgage rather than high cost credit cards or retail installment loans.
- Can escrow payments while work is completed
- Repairs are not completed until after closing
- Allows them to afford more house





Renovation Loans are EVERYWHERE

- Repo or other properties in disrepair
- Newer homes needing customization and appliances
- Repairs from storm/flood damage
- Updating and Modernization
- Adding on to right home, wrong size



Keys to Success

- Turn renters into Homeowners
- Turn stale listings into sales
- Increase your listing opportunities
- Show homes more effectively
- Become your local
“Fixer-Upper Specialist”





Turn Renters Into Homeowners

- Financing minor repairs allows buyers to afford more house
- Get more active buyers by overcoming property concerns
- Turn a single family into a 2 unit and use the rental income to help pay the mortgage





Turn Stale Listings into Sales

- Market a listing with Renovation & Payment Plan
 - Create a vision of the possibilities
 - Show payment with work already completed
 - Sell house that “will be”
- Advertise renovation in newspaper ads or Community Home Booklets





Increase Your Listing Opportunities

- Sell homes as “Customize Your Dream Home”, or “Create Your Dream Home”
- Give sellers an alternative to performing costly improvements
- Give concessions in price to have buyers do the work





Show Homes More Effectively

Create a Vision for a buying decision.

Use phrases like....

“If you want to change the color of the carpet in the living room, you can just include that in your mortgage.”

Same for the kitchen cabinets, bathroom fixtures, appliances, put on a deck, installing central air, etc.





Cut Through Your Competition:

Become Your Local “Fixer-Upper Specialist”

- Get listings from sellers not wanting to complete repairs prior to sale
- Help colleagues move stale listings
- Gain a competitive edge by setting yourself apart

