



Home of Dog-Friendly  
Mortgage™

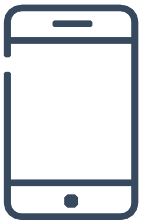


# Renovation Loan Guide

[www.RattiLending.com](http://www.RattiLending.com)

## Home Buying **EXPERIENCE**

Whether this is your first home or not, the homebuying experience can be known for its ups and downs, causing excitement and even a little stress along the way. During this time, it is important to understand what to expect. Below are some major milestones in the home renovation process that your loan originator will help you become familiar with.



1

Contact your loan originator to discuss renovation programs & deliver loan documents.



2

Complete the formal loan application.



3

Complete inspection & get estimates for renovation work. Order the title commitment, appraisal & flood certification and obtain home insurance.



4

Attend your closing to sign documents & exchange funds  
Congrats! You're a homeowner.



5

Begin renovation!

## What is a **RENOVATION LOAN?**

A renovation loan is a home loan and a renovation loan, all rolled into one monthly mortgage payment. It allows you to borrow money based on what the house is expected to be worth after you have repaired or renovated it.

### REASONS TO APPLY FOR A RENOVATION LOAN:

- › You found a house that needs some repairs and/or updating
- › You are a first-time homebuyer who otherwise wouldn't be able to purchase into certain neighborhoods
- › You want to renovate/upgrade your current home



## *Different Types of*

# RENOVATION LOAN PROGRAMS

### FHA 203(k) Limited

This loan is guaranteed by the Federal Housing Administration and requires that the repairs be essential and the renovation be cosmetic, not structural. The maximum amount of cash you can borrow with a streamline loan is \$35,000 minus fees.

### FHA 203(k) Standard

This loan is guaranteed by the Federal Housing Administration and has a loan limit that is regulated by the FHA's county limits, requires more paperwork and a 203k consultant must be hired to oversee the project because of desired upgrades and structural changes.

### HomeStyle®

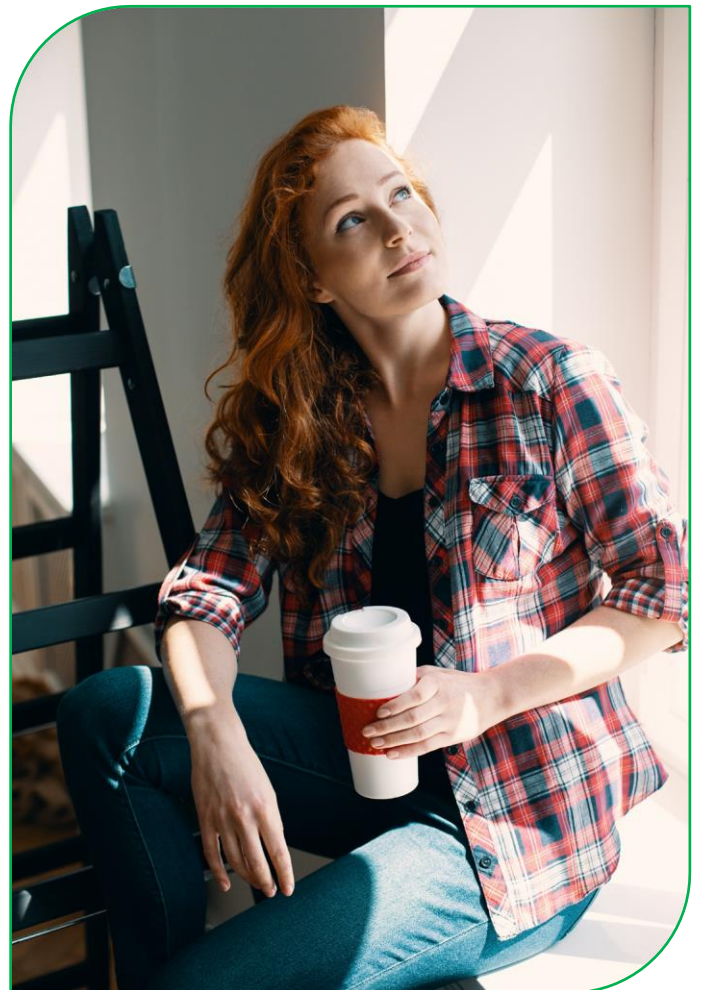
This loan is guaranteed by Fannie Mae and offers a convenient and economical way for homeowners and homebuyers to finance desired home improvements and upgrades with a lower interest rate.

### Home Equity Line of Credit

This loan allows you to obtain a line of credit while using your home as collateral. The amount of the line of credit is determined based on the amount of equity you have built.

### Cash-out Refinance

This loan requires you to replace your current mortgage with a new one for more than what you currently owe, in order to receive extra funds for a new home or home improvement.



# *Your Guide for Making Home Improvements* **WITH A RENOVATION LOAN**

## RESEARCH & PLAN

- Sketch out your ideas
- Outline your budget
- Research necessary permits
- Check to see if any eco-friendly renovations qualify for a tax credit (visit [energysavers.gov](http://energysavers.gov) for more information)
- Find contractor
- Receive estimates for renovation work

## GETTING A PERMIT

You can apply for each renovation permit through your local municipal government office or have your chosen contractor obtain them. Some permits are issued immediately, while others may require an inspection of the plans or blueprints.

During the renovation, inspections of the work will likely be required and for projects involving home additions, multiple inspections may be required. Once a specific project is finally completed, a final inspection will occur.



# *Your Guide for making home improvements* **WITH A RENOVATION LOAN**

## RENOVATIONS THAT NEED A PERMIT:

### Blueprint Changes

Any alterations to the square footage of your home requires a permit, such as, bedrooms, room additions, decks, garages and some sheds. A licensed contractor would be a good source of information on work which requires a permit.

### Fences

Many cities place height restrictions on fences, which are determined by the city you live in.

### New Windows

Replacing an existing window does not require a permit, but cutting a hole in the wall for a new one may, especially skylights and new doors.

### Plumbing/Electrical

If you are installing new or removing existing plumbing or making a renovation that includes installing new electrical equipment into your home, it probably requires a permit.

### Structural Changes

Making changes to the support system of your home, such as, load-bearing walls, decks, balconies and porches, will probably require a permit.

### Siding

Check with your city to see if they require a permit for siding projects.

### Total Cost

Some cities require a permit if a renovation or construction project costs more than a certain amount.

### Water Heater

If you want to replace your water heater you may need a permit. Always check with your contractor.



# *Your Guide for Making Home Improvements* **WITH A RENOVATION LOAN**

## RENOVATIONS THAT DON'T REQUIRE A PERMIT

- Painting/wallpapering
- Installing carpet/hardwood floors
- Electrical repairs that don't involve a new service or moving existing services
- New countertops
- Faucet replacement
- Most appliances



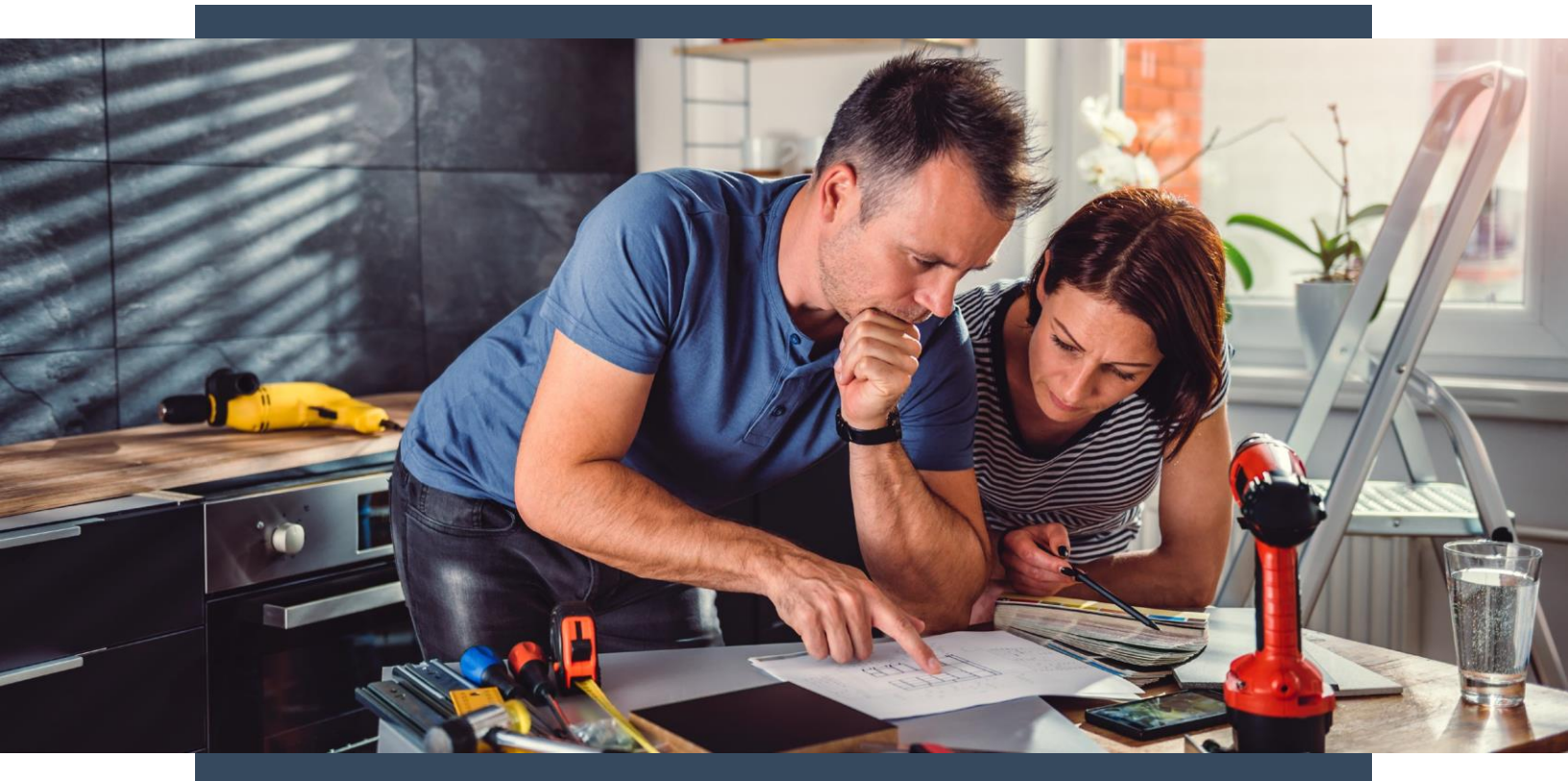
# *Your Guide for Making Home Improvements* **WITH A RENOVATION LOAN**

## CHOOSING A CONTRACTOR

- A General Contractor is required for all renovation loans
- Create a list of local contractors who specialize in your type of projects
- Check references, qualifications, licenses and whether the contractor is properly insured
- Get a written price estimate from each contractor and compare rates

## CONTRACTOR LICENSES

Various contractor license requirements vary by state, county and city. Make sure you do research to see which licenses are necessary before you choose a contractor to begin work on your project.





# Your Guide for Making Home Improvements **WITH A RENOVATION LOAN**

## CONTENTS OF THE CONTRACT

- First, ask for a resume, references and photos of previous work
- Look for the contractor's name, address, phone and license number on the contract
- Review the detailed description of the project, materials, costs and workers' obligations
- Agree on an estimated start and completion date
- Address how to handle changes or additions to work\*

*\*Any changes to the contract should be done in writing*

## DURING THE PROJECT

- Add any changes to your project in writing
- Pay workers in installments for work completed
- Secure progress reports regularly
- Save all receipts for tax records and deductions





## *Get Started* **WITH US**

Reach out to your loan originator if you still have questions about renovating or are ready to begin the loan process! With the right team of experienced professionals guiding you, a renovation doesn't have to be stressful. We enable you to begin your journey by offering a variety of available mortgage evaluation tools.

### **CALCULATE YOUR OPTIONS:**

If you are wondering what your renovation loan payment might look like, check out our mortgage calculators for a breakdown of what to expect or speak to your loan originator.

### **WORK WITH THE BEST:**

As a top-rated mortgage company, our numbers speak for themselves. Check us out online and read our reviews to hear from our customers.

### **APPLY NOW:**

If you are ready to begin your application, you are only a few clicks away! Apply online today at [RattiLending.com](https://www.RattiLending.com)

# Home Renovation GLOSSARY

## BOND OR BONDING

A bond is an amount of money that secures a contractor's license with a certified government agency. A bond is used to pay unpaid bills held by the contractor or as a guarantee that a project will be completed as planned.

## CHANGE ORDER

A modification made to the original contract and can be made in regard to the price, plans or other project specification and it **MUST** be in writing.

## CONSTRUCTION CONTRACT

A legal agreement between the homeowner and the contractor. It outlines the details of the project and contains the project description, outline of the work, timing, cost details, blueprints or plans, specifications, payment schedules and a warranty statement.

## CONSTRUCTION SCHEDULE

The timetable of a project. This timetable should detail the dates of the beginning and end of a project and include a description of each phase of the project and how long each will take.

## ENERGY STAR

A program supported by the U.S. EPA (Environmental Protection Agency) that recognizes products that are energy efficient. Energy Star labels can be found on products ranging from air conditioners to home heating equipment and more. These products are also tax deductible and can save you money at the end of each year!

## ESTIMATING

The process of determining the cost of a project. Estimating results in a "ballpark" cost estimate and occurs before you sign any final contract.

## FIXED PRICE CONTRACT

A type of contract that has a set, agreed-upon price for the work.

# *Home Renovation* **GLOSSARY**

## **GENERAL CONTRACTOR**

A company or individual that manages construction and renovation projects. This person will hire subcontractors and specialists to work on various phases of a project, but he/she holds the sole responsibility for completing the job and paying the sub-contractors.

## **NON-LOAD-BEARING WALL**

Walls you can change without knocking down the structure.

## **PAYMENT SCHEDULE**

Your payment schedule will depend upon inspection results at which point the customer/lender will pay the contractor.

## **PERMIT**

Authorization from local or state government officials to perform work on your property. Different types of permits are needed in order to begin a project, like, zoning, building, electrical and plumbing permits.

## **REMODELING CONTRACTOR**

A contractor that specializes in cosmetic, complex and structural home renovation projects.

## **RETROFIT**

This involves the addition of new technology or features to older systems. Retrofitting is becoming popular as homeowners opt for green and more energy-efficient technology.

## **R&R**

This stand for remove and replace and describes a simple renovation project that involves removing and replacing cabinetry, fixtures and appliances without structural or mechanical changes.

## **SCOPE OF WORK**

The description of a project that includes in-depth details and describes the work to be completed.

# Home Renovation GLOSSARY

## SPECIALTY CONTRACTOR

A contractor that is licensed to perform specialized types of jobs or tasks, such as, electrical, plumbing, flooring or appliance installation.

## SPECIFICATIONS OR SPECS

A list of materials, model numbers, features of appliances, colors or other details that encompasses the scope of work.

## SUBCONTRACTOR

A contractor who works for a general contractor. Most general contractors will hire subcontractors that specialize in specific areas, such as, electrical, plumbing or painting.

## WALKTHROUGH

The designer, architect, consultant, contractor and/or subcontractors meet at the project site to evaluate the project and scope of work. There is also a walkthrough at the end of the project where the homeowner inspects and approves the work.

## ZONING

Governmental specifications detailing how certain property may be used, such as, commercial, residential and single or multi-family homes...etc.





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## RattiLending.com

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## Want to know more? **CONTACT US**

This is only the tip of the iceberg. Please reach out to me with any questions or to schedule a meeting.

Thank you for the opportunity. We look forward to working with you!



[www.RattiLending.com](http://www.RattiLending.com)



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