

The background of the slide is a top-down view of various painting supplies on a rustic wooden surface. There are several open paint cans in different colors: a large one with grey paint at the top left, a smaller one with yellow paint at the top right, a can with dark blue paint in the center, a can with green paint at the bottom left, and a can with reddish-brown paint at the bottom center. Several paintbrushes with different bristles and handles (yellow, red, brown, and grey) are scattered around the cans. A yellow-handled roller is also visible at the top.

# OPPORTUNITIES

---

## FOR REO'S WITH GOVERNMENT LOANS

*How you can utilize FHA, VA, and USDA loans  
with your REO transactions*





# CRYSTAL SCHULZ

MORTGAGE LOAN  
ORIGINATOR



## Canopy Mortgage

BRANCH MANAGER

## Women's Council of Realtors

2021, 2022, 2023, 2024 LOCAL AND NATIONAL BOARD AND COMMITTEE MEMBER

## University of Nevada, School of Public Health

2022 ALUMNI OF THE YEAR, HEALTHY HOUSING INITIATIVE FUND

## National Association of Hispanic Real Estate Professionals

2022, 2023, 2024 EVENT SPEAKER, HOSTESS AND ATTENDEE TO CONFERENCES

*Crystal Schulz, Loan Officer NMLS #1469941  
Canopy Mortgage, LLC 360 Technology Ct. Ste 200 Lindon, UT 84024 NMLS #1359687*







# **GOVERNMENT LOANS**

**FHA Federal Housing Authority**

**VA Veterans Affairs**

**USDA United States Department of Agriculture**



# Government Loans

## WHAT YOU NEED TO KNOW

**Seller Concessions: 6% maximum**

### FHA

- Typical 580-640 credit; can go as low as 500 or no credit score
- 3.5% down payment, 96.5% loan to value
- 6% seller credit allowed
- Allows for 56% total debt to income ratio
- Must average variable income for 24 months
- Mortgage insurance monthly, plus an upfront mortgage insurance fee rolled into the loan, and partially refundable
- Unique feature: Streamline Refi
- \$543,238 price with 3.5% down
- Loan limit county specific Clark County, NV: \$524,225

**Seller Concessions: 4% PLUS  
discount points and buyers loan fees**

### VA

- No credit score requirement
- Best pricing 640 plus, lots of lenders “overlay” credit for VA
- No Loan Limit
- No DTI- uses residual income
- Typically limits to the conventional county limit then there is JUMBO VA with loan level adjustments
- Tidewater
- Funding Fees
- Unique feature Interest rate reduction refinance

**Seller Concessions: 6% maximum**

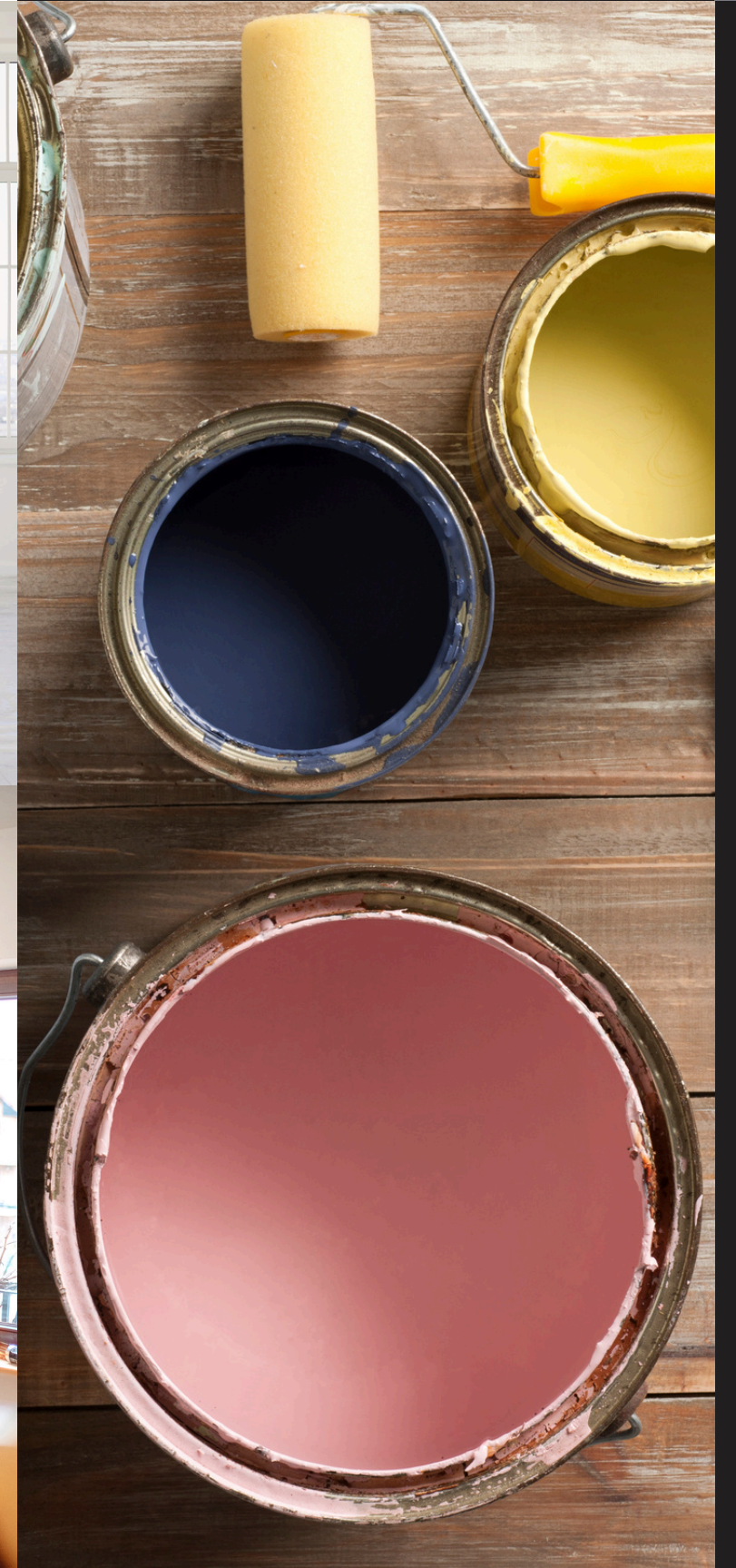
### USDA

- Income restricted 115% of median income
- Can use alternative credit but typically need a 640 credit score
- 29% housing expense limit
- 0% down payment
- Mortgage insurance upfront 1% then .35% annual
- Very low rates
- Rural



# FHA SPECIAL PRODUCTS

- Renovations 203(k)
- Manufactured Homes
- Reverse Mortgages





# FHA 203(K) RENOVATION LOAN

- Designed to help buyers rehabilitate a property sold "as is"
- The loan amount includes the purchase of the property plus the cost of renovations.
- The FHA 3.5% down payment is required.
- Because it's an FHA loan the credit requirements are more flexible than conventional loans.
- Standard 203k and Limited 203k







# FHA 203K

- 580-640 credit score, depending on lender
- 3.5% down on home price and rehab costs
- Maximum 50% to 55% debt-to-income ratio
- \$524,225 loan limit, including repair costs (higher in designated high-cost areas)
- Upfront mortgage insurance premium of 1.75% of the total loan, including repairs
- Ongoing mortgage insurance of 0.55% of the loan amount per year (\$46 monthly for every \$100,000 borrowed)
- Primary residence only
- Single-family residences. 2-4 unit properties acceptable when living in one unit and renting the others out
- The project can't displace the borrower for more than 30 days for the Limited program and 12 months for the Full 203K
- ~~Open to U.S. citizens, DACA recipients, eligible non-U.S. citizens~~



# FHA 203K LOAN PROCESS

- Find a 203K lender\*\*\*\*
- Get a 203K pre-approval\*\*\*\*\*
- Look for unwanted homes
- Request a 75 to 90-day closing timeframe\*\*\*\*
- Request seller closing cost credits
- Get an accepted offer
- Find a contractor\*\*\*\*\*
- Create a plan\*\*\*\*\*
- Get a rock-solid bid for repairs\*\*\*\*\*
- Authorize an appraisal
- Update financial documents
- Lender submits package to underwriting
- Provide additional documentation
- Get a final approval
- Loan funding
- Initial contractor pay-out\*\*\*\*\*
- Contractor completes the work\*\*\*\*\*
- Move-in

Team:  
REALTOR  
Lender  
Consultant  
Contractor  
Inspector  
Appraiser



## FHA 203(k) Renovation Loan

### Limited 203(k) and it's updates

- Increased financing from \$35,000 to \$75,000 and increased the amount of time from six to 12 months.
- Non-Structural repairs, no luxury or commercial improvements
- Homeowners can be displaced 30 days.
- Does not require a consultant but you can finance one's fees if you want to use them.
- Cosmetic repairs - kitchen and bathroom remodels
- Repair or replace plumbing, HVAC, electrical, septic
- Roof replacement
- Adding energy efficient systems
- New appliances
- Fixing decks, patios, walkways and driveways
- Remove or replace an existing in ground pool
- Lead paint remediation
- Addressing any other non-structural safety concerns, including bringing the home up to HUD standards





# Standard 203(k) Renovation and it's updates

Complete major renovations including adding square footage and moving structural walls.

There is no dollar cap, as long as the combined price of the home and repairs is within the FHA maximum.

- All eligible Limited 203K repairs
- Structural repairs to bring the home up to HUD standards
- Home additions and finishing basements and attics
- Converting a single-unit property to a 2-4 unit home
- Adding a garage
- Repairing wells/septic systems or connecting to public water/sewage
- Roof, gutters, downspouts
- Landscaping
- Completely rebuilding a house, provided the foundation remains the same
- Moving a house to another location





# USDA LOANS AND REO'S

USDA offers a Limited Renovation loan for non-structural repairs up to \$35,000

- Remodeling a kitchen
- Updating flooring
- Replacing windows and doors
- Making minor roof repairs

USDA Standard Renovation loan:

- Adding a bedroom or bathroom
- Fully replacing a roof
- Fixing structural deficiencies
- Remodeling a home for handicapped accessibility

Rural Requirement  
Income restricted  
Loan Limits





# VA LOANS AND REO'S

- The home must be used as your primary residence.
- All construction must be completed within 120 days of your closing date.
- The property must pass the VA appraisal and meet all minimum property requirements upon completion.
- You cannot borrow more than the repaired value of the home.
- Any contractors you choose must be approved by the VA.
- You typically need a 660 or better credit score.
- The list of approved projects includes roof and flooring repairs, electrical repair or replacement, HVAC repair or replacement, and lead paint remediation.
- Renovations must be completed by a VA-approved contractor.
- \$50,000







# REVIEW

FHA

VA

USDA

*and their renovation loan*





“ ”

***Any Questions?***





## FHA Myth

- FHA Loans are only for First Time Homebuyers
- FHA Loans are restricted to Low Income borrowers
- You have to have the same job for 2 years



## VA Myth

- 620 is the minimum credit score
- There are loan limits
- VA appraisals are hard to pass due to minimum property standards



## USDA Myth

- USDA loans are only for purchase
- You must be a first time homebuyer
- The PMI is higher than other loans because it's 0% down

*Which is True?*



# THANK YOU

---



*Crystal Schulz, Loan Officer NMLL #1469941*  
*Canopy Mortgage, LLC 360 Technology Ct. Ste 200 Lindon, UT 84024 NMLL #1359687*