# Home Flex RD Rehab

## Description:
- New Hampshire Housing’s RD Purchase Rehab program permits homebuyers to finance up to an additional $35,000 of renovation plus inspection and contingency fees into their mortgage to improve or upgrade the purchase of their primary owner-occupied residence.

## Term:
- 30 years

## Interest Rate:
- Established daily and published on [https://www.gonewhampshirehousing.com/rates](https://www.gonewhampshirehousing.com/rates)

## Loan Purpose/Occupancy:
- Purchase of a primary residence
- Must be owner occupied
- **Loans cannot be closed in a trust (NHHFA policy)**

## Eligible Borrowers:
- Any borrower who would qualify for New Hampshire Housing and RD
- Non-borrower title holders now acceptable, if allowed by mortgage insurer
- Borrowers must complete Purchase Rehab education. If combining with Home Flex Plus, Homebuyer Education is also required. See: [https://www.gonewhampshirehousing.com/education-and-resources/online-education](https://www.gonewhampshirehousing.com/education-and-resources/online-education)

## Eligible Properties:
- Single family primary residence
- No max acreage, unless insurer requires one
- When combined with MCC max, acreage is 5 acres
- Condos, interior rehab only
- **Manufactured housing is not eligible**

## Minimum Cash Investment / Cash Back:
- Per RD requirements
- Cash back at closing is allowed, per insurers requirements, not to exceed borrower contribution

## Maximum LTV/Mortgage Amount:
- Use RD max mortgage worksheet

## Income Limits:
- Income limits as currently published by New Hampshire Housing for borrower(s) only, or RD **guidelines if lower**. See: [https://www.nhhfa.org/wp-content/uploads/2020/05/Program-Income-Limits.pdf](https://www.nhhfa.org/wp-content/uploads/2020/05/Program-Income-Limits.pdf)

## Eligible Areas:
- Per RD requirements

## Underwriting/Ratios:
- Min 620 FICO, all borrowers
- Approve/Eligible
- Max New Hampshire Housing ratio of 50.00% / or RD **guidelines if lower**
- Refers w/ RD approval / Rd manual underwriter acceptable for no credit
- Collections – per findings and insurers requirements
- Seller contributions – per RD guidelines

## Appraisal Requirements:
- Interior/Exterior photos required with full URAR
- Should be a standard FHA Limited 203k appraisal
- Repair costs must be reported by the appraiser
- Appraisal must reflect “as complete” value

## Disbursements:
- Please refer to disbursement requirements for reservations on the web at [www.nhhfa.org](http://www.nhhfa.org).

## Max Repair Cost:
- $35,000 contingency and fees can be added after and do not need to be included

## Rehab Period:
- Rehab construction must begin within 30 days of closing and be completed within 180 days of closing

## Fees:
- A Supplemental Origination Fee of the greater of $350 or 1.5% of Total Rehab costs plus title update and final inspection fee

## Pre-Approval Requirements:
- **All rehab work needs to be pre-approved prior to scheduling a closing. Please allow at least 48 hours turn-around time.**
### Pre-Approval Required Documents:
- Complete purchase and sales agreement
- Appraisal must reflect “as complete” value
- Completed Homeowner/Contractor Agreement(s), contractor may not be a relative
- RD Purchase Rehab Mortgage Worksheet
- Completed contractor approval worksheet(s)
- General Liability Insurance Binder
- W-9’s
- All cost estimates must clearly state the nature and type of repair and the cost for completion to include:
  - Each line item must break out cost for labor and materials
  - Be as specific as possible in describing brand, size, amount, etc.
- No more than 2 payments may be made per contractor for each specialized item of work performed
- Rehab Homebuyer Education acknowledgement page signed by all borrowers, Education can be found here: [https://www.gonewhampshirehousing.com/education-and-resources/online-education](https://www.gonewhampshirehousing.com/education-and-resources/online-education)
- Notice of Construction Mortgage – must be posted at the home in a visible area. Date and time that notice was posted will be recorded

### Upon Completion:
Once all work is complete, the following forms must be submitted for final disbursement:
- Mortgagor’s Letter of Completion
- Final invoices from all contractors and subcontractors
- Final title update
- Executed Final Owner’s Loan Disbursement Affidavit
- Executed Final Contractor’s Loan Disbursement Affidavit
- Compliance inspection report, RD’s final evidencing 100% complete
- Each Contractor W-9
- Each Homeowner Contract Agreement

### Allowable Repairs:
- Eliminating health and safety hazards that would violate HUD's MPR
- Repairing or replacing wells and/or septic systems (well needs 100% cushion)
- Connecting to public water and sewage systems
- Repairing/replacing plumbing, heating, AC and electrical systems
- Making changes for improved functions and modernization
- Eliminating obsolescence
- Repairing or installing new roofing, provided the structural integrity of the structure will not be impacted by the work being performed; siding; gutters; and downspouts
- Making energy conservation improvements
- Creating accessibility for persons with disabilities
- Installing or repairing fences, walkways, and driveways
- Installing a new refrigerator, cooktop, oven, dishwasher, built-in microwave oven and washer/dryer
- Repairing or removing an in-ground swimming pool
- Installing smoke detectors
- Installing, replacing or repairing exterior decks, patios, and porches
- Covering lead-based paint stabilization costs (above and beyond what is paid for by HUD when it sells REO properties) if the Structure was built before 1978, in accordance with the Single-Family mortgage insurance
- Lead-based paint rule and EPA’s Renovation, Repair, and Painting Rule
- Mold Remediation is now allowed with a total contingency of **20%**

All repairs need to be completed within **180 days of closing. Any repairs not listed are ineligible.**
The Limited 203k mortgage proceeds may not be used to finance major rehabilitation or major remodeling. FHA considers a repair to be “major” when any of the following are applicable:

- The repair or improvements are expected to require more than six months to complete
- The rehabilitation activities require more than two payments per specialized contractor
- The required repairs arising from the appraisal:
  - Necessitate a Consultant to develop a specification of repairs/Work Write-Up; or
  - Require plans or architectural exhibits; or
  - The repair prevents the Borrower from occupying the Property for more than 15 Days during the rehabilitation period.

Additionally, the Limited 203k mortgage proceeds may not be used to finance the following specific repairs:

- Converting a one-family Structure to a two-, three- or four-family Structure
- Decreasing an existing multi-unit Structure to a one- to four-family Structure
- Reconstructing a Structure that has been or will be demolished
- Repairing, reconstructing or elevating an existing foundation
- Purchasing an existing Structure on another site and moving it onto a new foundation
- Making structural alterations such as the repair of structural damage and new construction, including room additions
- Landscaping and site improvements
- Constructing a windstorm shelter
- Making additions or alterations to support commercial use or to equip or refurbish space for commercial use; and/or making recreational or luxury improvements, such as: New swimming pools; An exterior hot tub, spa, whirlpool bath, or sauna; Barbecue pits, outdoor fireplaces or hearths; Bath houses; Tennis courts; Satellite dishes; Tree surgery (except when eliminating an endangerment to existing improvements)