GMFS PARTNERS

GMFS PARTNERS · HOMESTYLE RENOVATION

HomeStyle Renovation Product Guide

Fannie Mae single-close renovation loan · Third-Party Origination (TPO)

Updated August 14, 2026 NMLS **#64997**

Let's Make Home Happen.

Program at a Glance

Lock the permanent rate at closing; renovation funds are held in an interest-bearing escrow account at GMFS and drawn as work progresses.

- Up to 97% LTV — one-unit principal residence, first-time homebuyer or Fannie-owned existing mortgage
- GMFS overlays: 700 minimum score · $500,000 maximum renovation · 1–2 unit primary or 1-unit second home
- Contractor, contract, and initial LE must be approved by the GMFS Construction Loan Department before submission
- Renovations begin within 30 days of closing and finish within 11 months

This guide explains how to lock, originate, disclose, and submit a HomeStyle Renovation loan to GMFS, and how renovation funds are held and drawn after closing.

Third-Party Origination (TPO) channel. Refer to the GMFS HomeStyle matrix for current eligibility and pricing. Check the GMFS Partners site each time you do a HomeStyle loan for the latest documentation.

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SECTION 1

01 Program Overview

Fannie Mae's single-close renovation loan

Overview

HomeStyle is Fannie Mae's renovation loan program. This loan will be locked in, closed, fully funded and sold to Fannie Mae prior to the renovations being complete on the home. The renovation funds are held in an interest bearing escrow account at GMFS and are drawn from as work progresses on the home. The borrower begins making normal P&I payments through our servicer even while construction is underway. This product benefits your borrower by being able to lock in the permanent rate at the time the loan closes, rather than floating while under construction. Please see the attached HomeStyle matrix for more information on the product.

Rate Lock

You will lock as usual in OB. Please note: this product requires the user to enter the accurate DTI, LTV (see below for LTV calculation) and Reserves to get the correct eligibility. Please choose the HomeStyle Renovation 30yr or 15yr option for your lock.

> ! Be sure to allow additional lock time if you have not received contractor and/or contract approval from the GMFS Construction Loan Department (see Contractor Requirements and Contract and LE Requirements).

Calculating LTV for HomeStyle

Purchase — Purchase price of the home plus cost of renovations OR "subject to" appraised value, whichever is less.

Refinance — "Subject to" appraised value.

HomeStyle allows up to 97% LTV for one-unit, principal residences for first time homebuyers or when the existing mortgage is Fannie owned.

SECTION 2

02 GMFS Overlays

Apply to all HomeStyle Renovation loans

The following GMFS overlays apply to all HomeStyle Renovation loans:

Overlay	Requirement
Minimum credit score	700 Scores down to 680 may be considered by exception only, and only if the contingency reserve is increased to 15%.
Maximum renovation amount	$500,000
Eligible properties	One- to two-unit principal residences and one-unit second homes. • Three- to four-unit properties are not eligible. • Investment properties are permitted by case-by-case exception only.

SECTION 3

03 Originating the Loan

DU submission and the HomeStyle with HomeReady option

Originating the Loan

This loan will be set up as you would any normal conventional purchase or refinance, with a few additional steps.

> ! When running DU, place the contract amount (including allowed closing costs and contingency) in box “B”, Alterations, Improvements, Repairs. This step is required in order for DU to recognize this is a HomeStyle loan.

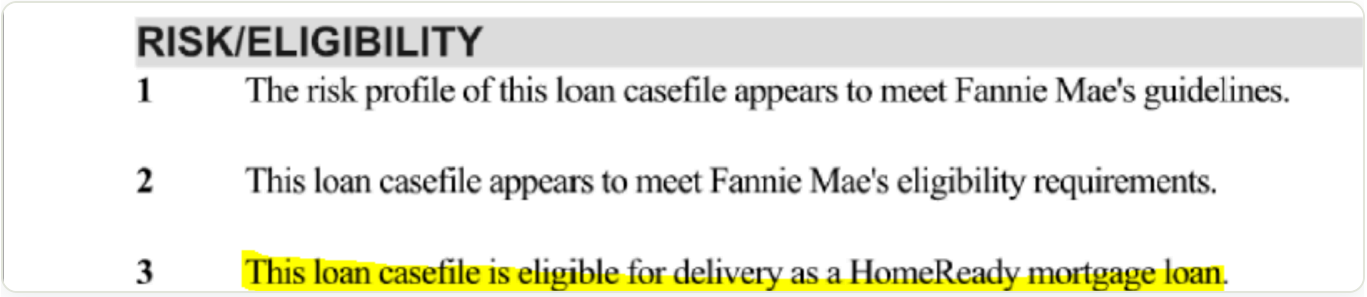
Available Option — HomeStyle with HomeReady Loans

How to Submit to DU

Watch DU/AUS Findings Report — https://singlefamily.fanniemae.com/media/5041/display

Risk/Eligibility should show:

- Loan casefile is eligible for delivery as a HomeReady mortgage loan



RISK/ELIGIBILITY

1 The risk profile of this loan casefile appears to meet Fannie Mae's guidelines.

2 This loan casefile appears to meet Fannie Mae's eligibility requirements.

3 This loan casefile is eligible for delivery as a HomeReady mortgage loan.

DU Findings — Risk/Eligibility

Verification Messages/Approval Conditions should show:

- Loan casefile is underwritten as a HomeStyle Renovation Mortgage
- Mortgage insurance must show the lower insurance coverage allowed by the HomeReady program.

Observations should show:

- Special Feature Codes
  - 215 — HomeStyle Renovation Mortgage with Recourse
  - 900 — HomeReady

OBSERVATIONS

29 This case was submitted to Desktop Underwriter version 10.2 by GMFS Wholesale. The following information is associated with this loan: Casefile ID is 1380060179 and Submission number is 11. If the loan is delivered to Fannie Mae, the Casefile ID must be provided at delivery.

30 The LTV and CLTV for this HomeStyle Renovation Mortgage were calculated based on the lesser of the appraised value or the sales price + the cost of improvements.

31 The following list of special feature codes is provided to assist you in determining which codes may be associated with this loan. Other codes may be required. Refer to the Special Feature Codes list on fanniemae.com for a comprehensive list.

Special Feature Code	Description
279	HomeStyle Renovation Mortgage without Recourse
215	HomeStyle Renovation Mortgage with Recourse
900	HomeReady
127	DU Loan

DU Findings — Observations (Special Feature Codes)

Additional HomeStyle with HomeReady Pricing/Locking Information

Lock this loan in OB under appropriate program name: HomeStyle with HomeReady.

SECTION 4

04 Disclosing, Fees & Mortgage Insurance

Disclosure package, Form 1204, and program fees

Disclosing

Brokered loans to GMFS are required to use the GMFS disclosure desk. Correspondents will disclose as you normally would a conventional loan. GMFS does require FNMA Form 1204 HomeStyle Renovation Consumer Tips be included in the initial disclosure package. This form is a checklist for key facts that need to be disclosed to the borrower. It is VERY important you review this document with your borrower prior to closing the loan. A few key points we would like to be sure you discuss above all others are:

- Renovations must begin within 30 days of your closing date and all work must be completed no later than 11 months after closing.
- Renovation funds cannot be disbursed directly to the borrower (unless a “do it yourself” project). Funds are provided in a check made payable jointly to both the borrower and the contractor, or can be sent electronically directly to the contractor with your permission.
- Renovations must be completed as specified by the original scope of work that was presented during the origination of your loan. The borrower is responsible for overseeing the renovation and ensuring that it is done as specified in the Construction Contract with the contractor. If work stops for an extended period of time, or there are problems with the work performed that may cause significant delays, the borrower must contact the lender.

! Please use the HomeStyle Renovation Consumer Tips form found on the Partners site. This form has been revised from Fannie’s original form to highlight the above items.

Fees

Fee	Amount	Details
Administration Fee	$1,499	
Construction Inspection Fees	$550	Flat rate.
Final Inspection	$300	

Fee	Amount	Details
Date Down to Title	$150	We will need a date down to title issued and must be dated after completion of the renovation to verify GMFS remained in first lien position throughout the renovations. This date down must include a clear title report that releases all contractor, subcontractor, and supplier liens.

Title updates for each draw are no longer required.

Mortgage Insurance

Mortgage Insurance is required if the LTV exceeds 80%. Insurance coverage must cover the estimated value of the home after renovation.

SECTION 5

05 Appraisal, Contractor & DIY

Appraisal ordering, contractor approval, and do-it-yourself work

Appraisal

Order as you would a normal construction appraisal. Send the contract for renovations with the order. TPO client is responsible for ordering the appraisal and including cost on the LE. Appraisal must be "subject to" renovations that are to be completed on the home. A copy of the contract for renovations will need to be provided when ordering the appraisal.

Client will be responsible for ordering the final appraisal (1004D) upon completion of the renovations. The GMFS Construction Loan Department will send a request to order the inspection to the client via email.

Contractor Requirements

> ! The Contractor approval process must be started prior to the loan being submitted to GMFS.

Use the Contractor Profile Report and send to constructionhelpdesk@gmfslending.com once completed for review and approval. Please allow one week for processing. You will receive an email upon approval of the contractor. Contractor must be licensed, unless licensing is not required by state or local regulations. The borrower must choose the contractor to perform renovations. Each contractor must meet requirements outlined in the HomeStyle matrix.

DIY Requirements

DIY is allowed on a case by case basis and is at the lender's (GMFS) discretion whether to allow. The DIY option is limited to cosmetic items such as painting, small repairs and flooring. If any mechanical work is required such as electrical, plumbing or HVAC, a licensed contractor is required to perform these items.

SECTION 6

06 Contract, LE & Documentation

Construction Loan Department approvals and required documents

Contract and LE Requirements

Please see the HomeStyle matrix. The Contract must be reviewed and approved by the GMFS Construction Loan Department. Please submit to constructionhelpdesk@gmfslending.com for approval prior to submission to GMFS.

The initial LE must be reviewed by the Construction Loan Department as well to be sure all fees are disclosed properly as well as the contract amount and required contingency.

Documentation Requirements

Full documentation is required; GMFS will provide the closing package. The following documents are required outside of a normal conventional loan package and will be provided by GMFS:

- Construction Loan Agreement
- Construction Loan Rider to Security Instrument

Additional documents required by GMFS that are to be provided by the TPO client at the time of loan submission:

- Contractor Profile Report and supporting documentation
- Construction Contract, including contractor's itemized bid
- List of sub-contractors with contact number for each
- Contractor Draw Schedule with completion milestones (if applicable)
- HomeStyle Renovation Consumer Tips (Form 1204)
- GMFS Draw Disclosure
- GMFS email approval for loan submission (will receive upon approval of LE, contractor and contract)

SECTION 7

07 Renovation Escrow & Disbursements

How renovation funds are held and drawn

Renovation Escrow and Account Disbursements

After closing, the borrower will be contacted by a GMFS Construction Loan Specialist. The specialist will email a welcome letter from GMFS which will explain how to request a draw and what documentation is required with each request. The proceeds designated for renovations, including the contingency reserve are placed in an interest bearing escrow account. Draw amounts are determined by lender based on progress inspections.

- Renovations must begin within 30 days of closing and all work must be completed within no greater than 11 months of closing.
- The deposit is not to exceed the lesser of 50% of material cost of project or 20% of total project cost. Includes architect, permit and design fees.
- All work must be completed and inspected prior to disbursement.
- Proof of permits must be submitted prior to or with first draw request.
- The following items will be required before final draw is processed:
  - Date Down to title
  - Final Inspection (1004D) showing renovations are complete.
- Please allow 4-5 days for draws to be processed upon receipt of the request.

> **!** These procedures will be updated as this product evolves. Please check the GMFS Partners site each time you do a HomeStyle loan for the latest documentation.

Questions

Contact your GMFS District Director or the Construction Help Desk (constructionhelpdesk@gmfslending.com) with questions.

Fannie Mae HomeStyle® Renovation Mortgage — https://singlefamily.fanniemae.com/media/5041/display

SECTION 8

08 Fannie Mae HomeStyle Program Highlights

HomeStyle Energy and program requirements

HomeStyle Energy

The HomeStyle Renovation mortgage provides a convenient and flexible way for borrowers considering home improvements to make repairs and renovations with a first mortgage, rather than a second mortgage, home equity line of credit, or other more costly methods of financing. We've simplified the process of delivering HomeStyle Renovation loan with HomeStyle Energy. If a HomeStyle Renovation loan contains ENERGY STAR®-certified improvements, then lenders may deliver the loan as HomeStyle Energy to receive a $500 Loan Level Price Adjustment credit. Enhancements include:

- If the renovation includes one or more ENERGY STAR-certified improvement, then the loan is eligible for HomeStyle Energy and a $500 LLPA credit, and must be delivered with Special Feature Codes 375 and 773
- If the renovation includes other improvements eligible for HomeStyle Energy but does not include any ENERGY STAR-certified improvements, then the loan is eligible for HomeStyle Energy and a $500 LLPA credit and must be delivered with Special Feature Code 375
- ENERGY STAR-certified products can be evidenced by its presence of the EPA ENERGY STAR product list located on the ENERGY STAR product finder

Program Requirements

Category	Requirement
Loan Purpose	Purchase or LCOR.
Loan Type/Term	15- and 30-year FRMs and all eligible ARM products.
Property and Renovation Eligibility	• One- to two-unit principal residences and one-unit second homes, including units in condos, co-ops, and PUDs. • Any type of renovation or repair is eligible, as long as it is permanently affixed to the property. • Renovations should be completed within a fifteen-month period from the date the mortgage loan is closed.
Underwriting	DU. No manual underwriting permitted.

Category	Requirement
Calculating the LTV and Maximum Mortgage Amount	• For purchase transactions, loan-to-value (LTV) ratio is based on the lesser of: 1) purchase price and cost of renovation, or 2) the "as completed" appraised value. • For refinance transactions, the LTV ratio is determined by dividing the original loan amount by the "as completed" appraised value of the property. • Borrower may not receive cash back at closing in any amount (Fannie Mae standard limited cash-out refinance of 2% or $2,000, whichever is less, is NOT PERMITTED for this product). • GMFS does not allow manufactured homes on this product. • Lenders should use the HomeStyle Renovation Maximum Mortgage Worksheet (Form 1035) to calculate the maximum mortgage amount.
Maximum LTV/CLTV/HCLTV (at Origination using DU*)	The following are maximum LTV/CLTV/HCLTV ratios for purchase or LCOR when HomeStyle Renovation mortgages are underwritten with DU* (note that borrowers can also qualify for up to 105% CLTV with eligible Community Seconds®): • One-unit principal residence to 97% LTV/CLTV/HCLTV with FRM; 95% with ARM (Available in DU on March 17) (Note: For LTVs > 95%, on purchase transactions, the borrower must be a first-time home buyer unless combined with HomeReady; for LCOR transactions, the loan must be owned or securitized by Fannie Mae.) • Two-unit principal residence to 95% LTV/CLTV/HCLTV with FRM/ARM • One-unit second homes to 90% LTV/CLTV/HCLTV with FRM/ARM
Subordinate Financing	Standard subordinate financing and Community Seconds are permitted. Refer to the Eligibility Matrix.
Property and Flood Insurance	Retain in the individual mortgage file evidence of property and flood insurance following completion of the renovation (a policy or policy declarations page). Confirm that the coverage has been increased, if necessary, to comply with Fannie Mae's standard property and flood insurance requirements.
Mortgage Insurance	Mortgage insurance, if required based on the applicable LTV calculation, must be in place before closing.
Contractors	• Borrower must choose his or her own contractor to perform the renovation. • Lender must review the contractor hired by the borrower to determine if they are adequately qualified and experienced for the work being performed. The Contractor Profile Report (Form 1202) can be used to assist the lender in making this determination. • Borrowers must have a construction contract with their contractor. Fannie Mae has a model Construction Contract (Form 3734) that may be used to document the construction contract between the borrower and the contractor. • Plans and specifications must be prepared by a registered, licensed, or certified general contractor, renovation consultant, or architect. The plans and specifications should fully describe all work to be done and provide an indication of when various jobs or stages of completion will be scheduled (including both the start and job completion dates).

Category	Requirement
Borrower "Do-It-Yourself" Work	Borrowers can perform the renovation work themselves at the lender's discretion, provided that: • The Do-It-Yourself financing does not exceed 10% of the as completed value. Note: Inspections are required for all work items that cost more than $5,000. • The property is a one-unit owner-occupied home, and not a manufactured home. • The reimbursement is limited to the cost of materials or the cost of properly documented contract labor (sweat equity may not be reimbursed).
Renovation Costs, Payment Reserves, and Contingency Reserves	Lender may advance funds of up to 50% of the cost of materials limited to 20% of the full contract amount any time after closing of the loan to secure necessary supplies for the project. Renovation costs may include: • Labor and materials. • Soft costs (architect fees, permits, licenses). • Contingency reserve is a minimum of 10% or up to 15% at the lender's discretion. The contingency reserve may be financed or it may be funded separately by the borrower. • A payment reserve of up to six months PITIA is permitted when the borrower must vacate the property during renovation. The amount can be financed in the loan amount if the value will support such financing. The reserve is allowed only for the period in which the property is uninhabitable due to the renovations. (If monthly HOA fees are included in the renovation escrow account, the servicer must pay them on behalf of the borrower.)
Lender Responsibilities for Renovation Work	• The renovation and contingency funds must be placed in an interest-bearing custodial account. • The lender must manage the renovation funds during the work. • Unused funds must be applied as a curtailment to the unpaid mortgage balance. • Once the work is complete, the lender must obtain an Appraisal Update and/or Completion Report (Form 1004D) as evidence of completion.
Rep & Warrant Relief	Loans may be eligible for relief from representations and warranties once the renovation has been completed and recourse has been removed (restrictions apply).
Delivery Requirements	HomeStyle Renovation mortgages are eligible for whole loan or MBS execution. HomeStyle Renovation must be delivered with the appropriate special feature codes (SFCs): • HomeStyle Renovation mortgage – SFC 215 • If renovations are completed at or prior to loan delivery – SFC 279 • If used with Community Seconds – SFC 118 • If used with HomeStyle Energy – SFC 375 • If renovation includes ENERGY STAR-certified improvements, SFC 375 and 773 (loan will receive a $500 LLPA credit)

Category	Requirement
Servicing	Lenders must follow standard procedures and guidelines in the Servicing Guide related to conventional first mortgages, as well as special requirements related to the Renovation mortgage. Minimum servicing is 0.25% for both fixed-rate products and ARMs. The lender may not sell or transfer servicing until the renovation work is complete.

GMFS PARTNERS

Equal Housing Lender

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