



# Inventory shortages doesn't mean you're out of the game.

## Alternative homes and loan types

First-time homebuyers represent a large part of today's homebuyer market. However, there are fewer entry-level homes. When you have a borrower that is ready to own, but can't find that move-in-ready starter home, it's time to get creative.

### Renovation loans

With the right location, plot, imagination, and a renovation loan, that fixer-upper can become the perfect home.

Renovation loans may be structured as a purchase or refinance transaction with minimal overlays to standard purchase transaction guidelines (not to exceed 95% LTV).

### Typical Renovation loan uses:

- Most common for existing properties and may be used for improvements
- On all property types and occupancies (excluding Manufactured Housing)
- Renovations that do not exceed 50% of the "As Completed" appraised value of the property
- Renovations that are affixed to the property, add value and are completed by contractor(s) who are appropriately registered and licensed
- DIY improvements completed by the borrower that do not exceed 10% of the "As Completed" value

### Typical Renovation loan features:

- Renovation funds often include a 10% contingency reserve as well as up to 6 months of the borrowers mortgage payment if the property is unable to be inhabited during renovation
- At the time of loan closing, the borrower begins making principal and interest payments on the full loan amount
- Funds are generally held in an interest bearing account to be disbursed to the contractor upon completion of the work

## Renovation loans & Genworth MI:

- MI is activated at the time of loan closing (consider all of Genworth's competitive rate plans)



## Construction-to-Permanent (C-to-P) loans

C-to-P loans allow borrowers to build from scratch. The borrower obtains a loan that funds the construction as well as the long-term permanent financing.

### C-to-P with one-time close

- One-time close process – A single loan transaction that funds construction and then is modified/converted into a permanent loan
- Borrower typically pays interest only payments during construction period
- Principal balance increases over the course of the construction period as disbursements are made to the builder
- Loan is modified to fully amortizing payments after construction completion

### C-to-P with two-time close

- Two-time close process – Short Term Construction loan (typically 6-12 months) refinanced into a long term, permanent mortgage loan post construction
- Borrower typically pays interest only payments on the construction loan
- Principal balance increases over the course of the construction loan as disbursements are made to the builder
- The permanent financing with fully amortizing principal and interest payments will begin upon completion of construction

## Construction-to-Perm Loans & Genworth MI:

- The MI can be activated upon completion of construction (consider all Genworth MI rate plans at this phase)
- The MI can be activated at the time of loan closing (If activating prior to property completion, consider Single Premium MI for the benefit of no reoccurring billing)

*Ask your Genworth Sales Representative about it today.*

*Let's help someone buy a house today.*

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