



New Approaches to Homeownership

Renovation Lending with 203(k) Loans



First Guaranty *Mortgage Corporation*

- **First Guaranty Mortgage Corporation (FGMC) has been in the business since 1987.**
- **FGMC is approved by FHA, VA, USDA, FNMA and GNMA.**
- **FGMC is approved to do business in 42 states and D.C.**
- **FGMC has a Retail Division, a Wholesale Broker Division, a Correspondent Division, and a Capital Markets Division**
- **FGMC offers a broad array of financing options**



First Guaranty *Mortgage Corporation*

- **FGMC is an approved GinnieMae seller. We securitize over 95% of our closed loans and we retain servicing on the majority of our closed loans.**
- **FGMC is a Full Eagle with full DE UW approval with FHA**
- **FGMC is an approved delegated UW Fannie Mae loan seller, including being only one of a few national lenders approved for the HomePath Renovation loan for both O/O and NO/O borrowers.**



First Guaranty *Mortgage Corporation*

FGMC is in a unique position to provide a full range of both niche and traditional products to assist you as you look for new approaches to homeownership in these trying real estate and financial markets.



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Underwriting Philosophy

- The FHA loan guarantee was introduced to make homeownership affordable for those who might not otherwise be able to obtain a mortgage.
- Minimum FICO scores were not originally in FHA guidelines
- Current stressed market conditions have caused mortgage lenders to tighten underwriting standards to all types of mortgages
- Many lenders have implemented “overlays” that reference minimum FICO scores



Common Sense Underwriting

- Low minimum FICO score (580 and down to 530 with special circumstances), including borrower's with no score. Borrowers are underwritten to FHA, VA or USDA guidelines with minimal overlays
- FGMC, through its common sense underwriting, has helped hundreds of families who have FICO's <640
- Loans are available for the following property types: Single Family Homes, Townhomes, condominiums, 1-4 Unit dwellings, Double-Wide Manufactured Homes and Modular Homes
- Real Accountability, Real Timeliness, Real Answers



Common Sense Underwriting: How do we do it?

➤ FGMC is a FHA Full Eagle

- ☐ A FHA Full Eagle is a lender that is directly endorsed by FHA. We underwrite our loans and close loans using our funds.

➤ FGMC has several DE Underwriters on staff

- ☐ DE stands for **Direct Endorsement**. It references the ability to underwrite **FHA loans**. DE underwriters provide the ability to endorse the application package and approve the loan.



New Approaches in Financing for Today's Housing Stock



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Renovation Industry

- **The Renovation Industry is big... and getting bigger**
 - ❑ Approaching \$250 billion annually (40% of all residential construction)
 - ❑ Over \$170 billion spent on owner-occupied properties
 - ❑ Only a small fraction is financed as part of a first mortgage
 - ❑ And yet, most common time to repair is immediately after moving in



Renovation Industry (continued)

- Purchase mortgage without renovation is inefficient for homes that need work
 - ☐ Borrowers have little cash left after purchase
 - ☐ Sacrifice time and quality
 - ☐ Must resort to more expensive options (credit cards, hard money, etc.)
- The real estate and lending industry are barely scratching the surface



The 203k Renovation Product

Our renovation product is simple.

- **FHA 203(k) common sense underwriting with credit scores down to 580**
- **1-4 unit homes, Condos, Townhomes, PUDs & Manufactured**
- **Streamline 203(k) up to \$35,000 or 35% of the completed appraised home value and Full 203(k) above \$35,000**
- **Loans up to 110% of After Rehab Value**
- **Originated and underwritten by experienced professionals**



203k Eligible Property Types

- Owner-Occupied Homes Only
- 1 – 4 unit homes
- Townhomes
- PUDs
- Condominiums (Interior Renovations Only)
- Modular Homes
- HUD Foreclosures (special incentives apply)



Eligible 203k Buyer

- First-time Homebuyers
- Move Up Buyers
- Refinancing Owners
- No Maximum Income Limits



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New Approaches to Marketing



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Benefits to Your Community

IMPROVE YOUR Neighborhoods!!!

- Turn vacant and/or outdated properties from eye-sores to a community asset!
- Overcome client excuses by providing an option
- Paint the picture for the buyer!
- Use contractors to draw-up plans or drawings for the potential renovation
- Your clients can close property in current condition
- **Allow clients to stay in their current neighborhood and improve the housing stock!**



This New Approach Works for Your Client if they:

- **Are interested in REO and short sales**
- **Want to purchase a property that needs repair**
 - ☐ Cure un-permitted additions
 - ☐ Out dated kitchens, bathrooms, etc.
 - ☐ Cracked slabs and foundation issues
- **Are focused on saving time and money by financing the purchase with the cost of repairs**
- **Have low-to-moderate incomes**
- **Are interested in a specific neighborhood but can't find the perfect property**



Benefits to your client

- More Affordable with One Closing
- Get the Home You Want, the Way You Want It
- Get the Job Done Now, Not Down-the-Road

- ☐ Renovations
- ☐ Upgrades
- ☐ Customization
- ☐ Repairs



Doing Business with FGMC

Talk with one of our Mortgage Loan Specialists today!

We specialize in many loan products, including, but not limited to:

- FHA, VA, USDA, FannieMae HomePath, Conventional, & much more

We are ready to Use New Approaches to Homeownership with you NOW!



First Guaranty Mortgage Corporation

1900 Gallows Drive, Suite 800

Tysons Corner, VA 22182

[800-296-2275](tel:800-296-2275)

www.fgmc.com

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