

Clark County Commission on Aging

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Financing Options for Remodeling, Renovating, Retrofitting, and New Construction for the Seniors and Boomers in Our Community

With Mark Eshelman

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I. Renovating, Remodeling, Rehabilitation and Retrofitting Financing Options

A. Financing Options for *Low to Moderate* Incomes

1. Clark County Housing Rehabilitation Program

a. **Purpose** is to increase the energy efficiency, improve livability, extend the life of the home, or modify for accessibility.

b. **Eligibility**

1. Must have lived in and owned the home for at least 12 months.
2. Property values cannot exceed \$271,000.
3. Household income at <80% Area Median Income (\$41,100).
4. Current on your mortgage, property taxes, and insurance.
5. Enough home equity to cover the cost of repairs.
6. Liquid asset limitations do apply.

c. **Types of Repairs**

1. Exterior repairs, roof replacement, electrical & plumbing repairs, roll-in showers and grab bars, and wheelchair ramps.
2. Loan amounts up to \$40,000 with low simple interest and deferred payment options.

d. **Contact:** Samantha Whitley or Dawn Lee at Clark County Housing Rehab at 360-397-2130.

Website: <https://www.clark.wa.gov/community-services/housing-rehabilitation>

2. City of Vancouver Housing Rehabilitation Program

a. **Purpose** is the City of Vancouver provides financial assistance through grants and loans up to \$25,000 for basic home repairs.

b. **Eligibility**

1. Owner occupied single family unit, condo, or town house within the Vancouver City limits.
2. Household income at <80% AMI (\$41,100) for loans and <50% AMI (\$25,700) for grants.
3. Property Value at or below \$368,000.
4. Current on your mortgage, property taxes, and insurance.
5. Enough home equity to cover cost of repairs. If no equity, limited to health and safety repairs.
6. Liquid asset limitations do apply.

- c. **Types of Repairs**
 - 1. Exterior repairs and painting, dry rot repair, electrical & plumbing repairs, weatherization and sustainability repair/improvement items.
 - 2. Loan amounts up to \$25,000 with 3% simple interest and deferred payment options. Grants up to \$5,000 for emergency mobile home repair.
 - d. **Contact:** Kevin Gillette at Community Housing Resource Center at 360-690-4496 x 101.
Website: <http://www.cityofvancouver.us/ced/page/housing-rehabilitation-loan-program>.
3. USDA Single Family Housing Repair Loan & Grant (Program 101)
- a. **Purpose** is to provide loans and grants to elderly very-low-income homeowners in rural areas of Clark County to remove health and safety hazards.
 - b. **Eligibility**
 - 1. Owner occupied homes in rural Clark County (nearly 65% of Clark County is considered rural).
 - 2. Household income at <50% AMI (\$25,700) for loans and age 62 or over for grants.
 - 3. Unable to obtain affordable credit elsewhere.
 - c. **Types of Repairs**
 - 1. Loans may be used to repair, improve, modernize homes or remove health & safety hazards.
 - 2. Loan amounts up to \$20,000 repaid over 20-years at 1.0% interest.
 - 3. Grants up to \$7,500.
 - d. **Contact:** USDA Field Office at 11104 NE 149th St, Brush Prairie, WA 98606 or call 360-883-1987.
Website: <http://www.rd.usda.gov/programs-services/single-family-housing-repair-loans-grants>.
4. Evergreen Habitat for Humanity A Brush With Kindness Program
- a. **Purpose** is to partner with low-income homeowners in need of exterior home repair to preserve home values in Clark County.
 - b. **Eligibility**
 - 1. Own your own home and have current homeowner's insurance.
 - 2. Household income between 30% - 60% AMI (\$15,450 - \$31,040 for single person).
 - c. **Types of Repairs**
 - 1. Minor exterior repairs to siding, trim, gutters, and fences, painting, weather stripping, and brush removal.
 - d. **Contact:** Melissa Edwards at Evergreen Habitat for Humanity at 360-737-1759 x 207.
Website: <http://www.ehfh.org/a-brush-with-kindness/>.
- B. Renovation Financing Options *Without Income Limitations*
- 1. Fannie Mae HomeStyle Renovation Loan
 - a. **Purpose** is to allow borrowers to include financing of home improvements in a purchase or refinance transaction.
 - b. **Eligibility**
 - 1. Must credit and income qualify with your individual lender's requirements.
 - 2. 1-4 unit properties.
 - 3. Loan amounts up to \$417,000, 15-30 year terms, Fixed Rate or ARM's.
 - 4. Financing up to 95% Loan-to-Value on Single Family Residence.

c. Types of Repairs

1. Improvements totaling up to 50% of the home's as-completed appraised value.

d. **Contact:** Many of the regional and national banks, credit unions, and mortgage lenders in Clark County offer the Fannie Mae *HomeStyle* loan. For referrals call Mark Eshelman at 360-910-7710.

2. FHA 203K Renovation Loans (Standard and Streamline)

a. **Purpose** is to offer a solution that helps homebuyers save time and money by combining the purchase or refinance of a home and the cost of repairs and rehabilitation in one loan.

b. Eligibility

1. More lenient qualifications with credit and income compared to Conventional loans.

2. FHA 203K Streamline for renovation projects up to \$35,000 with non-structural improvements.

3. FHA 203K Standard for renovation projects above \$35,000 and/or structural improvements that are required.

4. Maximum loan amount in Clark County is \$368,000.

5. Can finance up to 110% of the as-completed appraised value.

6. Primary Residence only.

c. Types of Repairs

1. FHA is pretty liberal with repair options. Existing foundation must remain in place and renovation costs must be above \$5,000. Landscaping cannot be included in repairs.

d. **Contact:** Many of the regional and national banks, credit unions, and mortgage lenders in Clark County offer the FHA 203K Renovation loan. For referrals call Mark Eshelman at 360-910-7710.

3. FHA's Reverse Mortgage, aka Home Equity Conversion Mortgage, or HECM

a. **Purpose** to allow homeowners 62 and over to convert a portion of their home's equity in to cash to be used for home improvements, paying off debt, supplemental income, or even purchase a new home. All with NO monthly mortgage payments for as long as the borrower lives in the home and keeps the taxes and insurance paid current.

b. Eligibility

1. At least one borrower 62 years old or older.

2. Must be primary residence.

3. Some credit and income qualifications are required.

c. Loan Terms

1. Borrower can receive from 52% up to 75% of their home's value up to a maximum value of \$625,500. Older borrowers receive a higher percentage of equity. At age 62 a borrower receives 52% of their home's value. At age 90 and above a borrower receives 75% of their home's value. Both Fixed and Adjustable rates are available with and different interest rates and loan fees are available to help design a loan that better meets the borrower's needs.

d. **Contact:** Mark Eshelman of Pinnacle Capital Mortgage at 360-910-7710.

Website: www.pinnaclereversemortgage.com.

II. New Construction Financing Options

A. Conventional Construction Loan Options

1. 90%-95% Loan to Value, so many loan options to choose from.

2. Many local builders in Clark County will also finance the building of a new home for the buyer. The buyer would then pre-qualify for a traditional home loan or a Reverse Mortgage Purchase to buy the home from the builder.
3. Contact: Mark Eshelman for referrals to qualified construction lenders in Clark County.

III. Tax Benefits of Renovating/Remodeling/Retrofitting

- A. Home Improvements made for the purpose of medical care for you or your dependents may be included in your tax deductions for Medical Expenses on your Itemized Deductions (Schedule A).
 1. The cost of improvements that increase the value of your home may be partly included as a medical expense.
 2. Many improvements made to your home for medical purposes do not increase the value of your home.
 3. For a full list of home improvements that do not increase the value of your home and may be deductible can be found in *IRS Publication 502 – Capital Expenses and Medical Expenses.*

About Mark Eshelman



- ▶ Loan Officer in Clark County for 20 years focusing on Reverse Mortgages the last 4-5 years.
- ▶ Certified Senior Advisor, CSA.
- ▶ An approved Real Estate Finance Instructor.
- ▶ Member of the Housing Committee for The Clark County Commission on Aging for nearly 4 years.
- ▶ Published author; 2 magazine articles in the *CSA Journal* and contributed a chapter to Chuck Price's book, "Investing Simplified." Currently working on my third article for the *CSA Journal*.