

ACCESSORY DWELLING UNIT (ADU) FINANCE GUIDE



OPTIONS

1

Finance with an existing or new main house

One mortgage for the entire property. Loans based on “as completed” value of the main home + future ADU, which provides the funds needed to construct the ADU.

2

Finance based on existing home equity

Home equity loans and home equity lines of credit provide funding to build an ADU if you have sufficient “equity” built up in your main home. These are considered “second mortgages”.

3

Finance independently of main home

Besides personal loans, credit cards, and family loans there aren’t any currently established “second mortgage” options for people who don’t have sufficient equity (option 2) or don’t want to refinance (option 1).

FEATURED IN THIS GUIDE! *Turn over for more information »*

FINANCING GAP!

Contact AccessoryDwellings.org if you offer this financing.

ABOUT THIS GUIDE

This is not a comprehensive guide to every ADU financing option available on the market. It’s a snapshot of some of the options available in the Portland, Oregon metro area during the Fall of 2014. This guide is an educational starting point for homeowners and is not meant to endorse any one financial institution. Updates of this guide may occur in the future, so please contact the site administrators of accessorydwellings.org if you know of any loan options that help fill the FUNDING GAP mentioned above. We do not guarantee the accuracy of this information since it is difficult to standardize loan scenarios between different lenders and changing market conditions may make some of this information obsolete. Contact the financial institution directly to discuss options.

Scenario	Financial Institution	Loan Name	ADU Type ¹	ADU Style ²	Loan Terms	Max Loan to Value	Down Payment Minimums	Fees ³	Max Const. Loan Amounts	Max Loan Amounts	Loan Based On ⁴
Purchase or Refinance an Existing Home and Build an ADU	Advantis Credit Union	<i>Rehab Mortgage</i>	renovation or new construction	attached or detached	15 yr fixed; 5/1 & 3/2 ARM; 30/10 Balloon,	90% LTV, 75% LTV Investor	10% (SFR), 25% (investor)	yes	No max amount within loan limits	\$417,000 (SFR); high-balance loan LTVs ≤ 90%	as completed value
	Green Mortgage NW	<i>Fannie Mae HomeStyle Loan</i>	renovation or new construction	attached or detached	15 & 30 yr fixed, 5/1 7/1 ARM	95% LTV with MI, 90% LTV (2nd home), 85% Investor	5% (SFR), 10% (2nd home), 15% investor	yes	Renovation max. is 50% of the "as completed" value	\$417,000 (SFR)	as completed value
	HomeStreet Bank	<i>Fannie Mae HomeStyle Loan</i>	renovation or new construction	attached or detached	15 & 30 yr fixed	95% LTV with MI, 90% LTV (2nd home), 85% Investor	5% (SFR), 10% (2nd home)	yes	Renovation max. is 50% of the "as completed" value	\$417,000 (SFR)	as completed value
		<i>FHA 203(k) Renovation Mortgage</i>	renovation only	attached or detached	15 & 30 yr fixed	96.5% LTV	3.5%	yes	No max amount within loan limits	Loan amounts within FHA county loan limits	as completed value
	NW Mortgage Group	<i>FHA 203(k) Renovation</i>	renovation only	attached or detached	15, 20 & 30 yr fixed; 5/1, 7/1, & 10/1 ARMs	96.5% LTV	3.5%	yes	No max amount within FHA county loan limits	Loan amounts within FHA county loan limits	as completed value
	Prospect Mortgage	<i>Fannie Mae HomeStyle Loan</i>	renovation or new construction	attached or detached	15 & 30 yr fixed	95% LTV with MI, 85% LTV (2nd home)	5% (SFR), 15% (2nd home)	yes	Renovation max. is 50% of the "as completed" value	\$417,000 (SFR)	as completed value
		<i>FHA 203(k) Renovation Mortgage</i>	renovation only	attached or detached	30 yr fixed or 5/1 ARM	96.5% LTV	3.5%	yes	No max amount within FHA county loan limits	Loan amounts within FHA county loan limits	as completed value
	Umpqua Bank	<i>Fannie Mae HomeStyle Loan</i>	renovation or new construction	attached or detached	15 & 30 yr fixed	95% LTV with MI, 90% LTV (2nd home)	5% (SFR), 10% (2nd home)	yes	Renovation max. is 50% of the "as completed" value	\$417,000 (SFR)	as completed value
Washington Federal	<i>"All-in-One" Custom Construction</i>	renovation or new construction	attached or detached	15 & 30 yr fixed; 5/1, 3/2 ARMs	70% LTV; 50 % LTV (Refinance)	30% , 50% (refi)	yes	No max amount within loan limits	Up to \$1.5 mil.	as completed value	
Construct a New Home with an ADU	HomeStreet Bank	<i>Construction Permit Loan</i>	new construction	attached or detached	15 & 30 yr fixed, 5/1 7/1 ARM	90% LTV Owner , 80% Second	10%	yes	No max amount within loan limits	Up to \$1.5 mil.	as completed value
	NW Mortgage Group	<i>"All-in-One" Construction</i>	new construction	attached or detached	30 yr fixed; 5/1, 7/1, 10/1 ARM	80% LTV	20%	yes	No max amount within conventional county loan limits	Loan amounts within conventional county loan limits	as completed value
	Umpqua Bank	<i>Custom Construction</i>	new construction	attached or detached	5/1, 7/1, 10/1 ARM	90 % LTV up to 850K; 80%LTV up to 1.5 mil.	10% (up to 850K), 20% (850K-1.5mil)	yes	No max amount within loan limits	Up to \$2 mil.	as completed value
Use Your Existing Home Equity to Build an ADU	OnPoint Community Credit Union	<i>EquityFlex & EquityFlex Fixed Portion Options</i>	renovation or new construction	attached or detached	Up to 20 yr fixed	100% LTV (≤\$20,000 LOC) 80% LTV (≤\$100,000 LOC)	not applicable	maybe	No max amount within loan limits	Determined by equity value.	current value of main home
	Trailhead Credit Union	<i>Home Equity Line of Credit</i>	renovation or new construction	attached or detached	Variable rate tied to prime	85% LTV	not applicable	maybe	No max amount within loan limits	Borrow up to approved credit limit	current value of main home
		<i>Home Equity Loan</i>	renovation or new construction	attached or detached	Up to 15 yr fixed	85% LTV	not applicable	maybe	No max amount within loan limits	Borrow up to 85% of the value of the home	current value of main home
	Umpqua Bank	<i>Home Equity Loan or Line of Credit</i>	renovation only	attached or detached	10 & 15 yr fixed; 30 yr heloc	80% LTV	not applicable	maybe	No max amount within loan limits	\$250,000	current value of main home
Unitus Community Credit Union	<i>Home Equity Loan</i>	renovation or new construction	attached only	7, 10, 15 year terms	100% LTV	not applicable	maybe	Up to \$100,000	Borrow up to 85% of the value of the home	current value of main home	

NOTES **1)** "Renovation" refers to the renovation of an existing structure to create an ADU, which includes basement, attic, and garage conversions. "New construction" means building an entirely new structure from the ground up. This includes pouring a new foundation and erecting a new structure regardless of whether its attached or detached from the main home. **2)** An "attached" ADU is physically attached to the main home. A "detached" ADU is physically detached from the main home. **3)** Fees vary between lenders and may include fees for; appraisal, loan origination, credit report, 3rd party charges, extra appraisal charges, title, notary, attorney, inspection, tax return, verification, government recording, and annual fees (for home equity loans/lines of credit only). This list may not be inclusive of all potential fees. **4)** "As completed value" means the estimated assessed value of the main home plus future improvements (which in this case is often the construction of an ADU). The "as completed value" is often based on set of blueprints detailing the improvements that will be made.