



FHA 203K – Single mortgage loan that provides funds for the purchase as well as renovation and modernization of a home. The house is appraised for 110% of the “as-repaired” value and the loan closes “as is”.

The FHA 203(k) *Streamline* Renovation Loan

Overview of program:

- Limited Repair Program
- 1-4 Units – Purchase and Rate/Term Refinances
- Less Documentation
- Don't need HUD Consultant
- Less fees associated with repairs/product
- 1 Title Update
- Maximum of \$35,000.00 in repairs (including financeable costs) & No Minimum

Streamline 203k Value Proposition:

- Solution for Appraisal Issues, required or desired repairs/updates and other improvements.
- Lend up to 110% of appraised value
- Homeowners can make the house they are buying into the home of their dreams.....paint, carpet, appliances, etc.
- Competitive advantage in the marketplace

Allowable Repairs:

- Roofs, Gutters, Downspouts
- HVAC Systems
- Plumbing, Electrical Systems
- Existing Flooring
- Minor Remodeling such as kitchens—no structural repairs
- Interior and Exterior Painting/Siding
- Weatherization including storm windows, doors, insulation, weather stripping, etc.
- Appliances—No dollar limit
- Handicapped Accessibility
- Lead Base Paint Abatement/Stabilization
- Repair, Replace, Add Exterior Patio/Porch
- Window and Door Replacement
- Septic and Well Systems/Repair and/or Replace

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Ineligible Work Items:

- Major Rehabilitation or major remodeling such as relocating a load-bearing wall
- New Construction including additions
- Landscaping or similar site amenity improvements
- Rehabilitation activities that require more than 2 payments per specialize contractor

Ineligible Transactions:

- Repair Does Not Appear on the Streamline 203K Eligible Work Items List
- Repairs that Necessitate the use of a Consultant to develop a Work Write Up
- Require Plans or Architectural Exhibits
- Require a Plan Reviewer
- Require longer than 6 months to complete
- Result in work not starting within 30 days of closing
- Would cause the mortgagor to be displaced for more than 30 days during the rehabilitation being conducted
- Contractor can start right away and get half of the draw when he starts

Borrower Responsibilities:

- Selecting Contractor
- Cost Estimates for all the work being performed
- If a National Home Improvement Company is used, such as Home Depot, Sears, Lowe's borrower must provide a detailed cost estimate, receipt or invoice
- Self Help allowed on case by case basis

Contractors Responsibilities:

Each contractor must complete all documents in the contractor package which include:

- Builder Validation Statement
- Homeowner/Contractor Agreement
- Provide copy of License (if applicable)
- Notice To Contractor
- W-9
- Provide Proof of Insurance

The FHA 203(k) Standard Renovation Loan Part 1

The FHA 203(k) Renovation Loan

An important tool for community and neighborhood revitalization, the FHA 203(k) loan offers flexible qualifying and low down payments:

- FHA standard guidelines
- FHA down payment (3.5%)
- Flexible credit qualifying
- Assumable loans
- Finance up to 6 months of mortgage payments
- Purchase or Refinance and Improve all in one loan
- No up front mortgage insurance

The 203(k) loan program offers borrowers the resources to rehabilitate a home that may be in need of repair, either the home that they currently live in, or that special fixer-upper opportunity. One single loan is used to pay for the purchase (or refinance) and the cost of renovating the home.

203K Eligible Borrowers:

- Owner Occupants - Purchase - Refinance Investors NOT allowed

Types of 203K Loans:

- 30 or 15 year fixed rates One year ARMS Assumable to a qualified buyer, with no money down

Eligible Properties:

- Single family dwellings Condominium Townhouse Mixed Use (Storefront)
- 1-4 Unit buildings- you can increase or decrease the number of units with this loan.

Structural Alteration and Reconstruction:

Changes for improved functions and modernization, Elimination of health/safety Hazards, Changes for aesthetic appeal, Plumbing, heating air conditioning, and electrical upgrades

- Well and/or septic repairs Roofing, gutters and downspouts
- Flooring, tiling and carpeting Energy conservation improvements
- Major landscape work and site improvement Access for the disabled

Construction – Construction can start right away but the first draw will take 30-45 days.

Home Inspection: The cost of your construction is estimated by an FHA Approved 203(k) consultant (estimator). The cost consultant assists you in determining the scope of repairs and the costs budgeted for the renovation job.

- Perform a home inspection to create preliminary costs estimates based upon FHA minimum property standards plus the scope of work as defined by the home owner/buyer.
- Once project has been determined, the cost consultant prepares a "work-write up" and 3 contractor bid packages are issued to the home owner/buyer.

Appraisal: The appraiser will be given a copy of your "work-write up" to estimate an **after improved value** for your new or current home. We loan against that improved value thus allowing you to finance the cost of repairs.

Other Eligible Costs:(THESE COSTS MAY BE FINANCED INTO THE MORTGAGE LOAN)

- Contingency reserve (10-15%) Up to 6 months PITI mortgage payments
- Permit costs Consultant fees Inspection and title update fees Architectural & Engineering fees (if needed)

Here are a few suggestions to get you started:

- Get your buyer pre-approved for the loan
- Help your buyer locate a home and submit a contract
- Once the contract is accepted, contact us for the names of FHA approved consultants to get you started

Eligible Properties

- Any 1 - 4 Unit Properties
- Condominiums / PUD's
- Manufactured Homes
- Mixed Use Properties
- 5 to 4 Units
- 8 to 4 Units
- SFR to 4 Units

FHA 203K Loan Limited

One-Family	Two-Family	Three Family	Four-Family
\$271,020	\$347,000	\$419,425	\$521,250