

# The FHA 203K Renovation Loan

## 203K Renovation Loan Details

Single Family Residential Homes Allowed

### Advantages

- Allows repair/renovation costs to be rolled into the loan
- Major items ARE allowed (Foundation)
- Low down payment (3.5%) and seller can pay up to 6% toward closing costs
- Close before repair/rehab begins
- Only one closing. Money disbursed on a draw basis after closing as construction is completed.
- Loan amount can go up to 110% of the "after-improved value" from the appraisal
- Buyer can include optional renovations/upgrades

## Examples Repairs & Renovations

- Repair Foundation
- Replace Roof
- Paint Interior & Exterior
- Install New Flooring
- Remodel Kitchen/Bath
- Upgrade to Central Heat/Air
- Repair Termite or Moisture Damage
- Energy Efficiency Improvements
- Replace or Install Siding
- Handicap Accessibility
- Landscaping/Exterior Repairs
- New Built-in Appliances
- And More!

## The Process

The process is simple if you are working with the right loan officer.

- Client is pre-approved based on income, assets, debt and credit
- Client selects property
- Client meets consultant at property for inspection and feasibility study
- Client gets contractor bid(s) and compares figures with consultant
- Work write-up is prepared by consultant
- Appraisal is performed "as completed" upon executed contract
- All paperwork is completed and submitted to underwriting
- Underwriter approves the loan
- Approved loan is sent to title company
- Loan closes and rehab account is created
- Funds are disbursed as work is completed and inspected
- Rehab is complete

Now with the process complete, you can enjoy your new home!

## Items NOT Allowed

Any luxury item and/or improvement that does not become a permanent part of the subject property is not eligible, including:

- Recreational or luxury improvements, such as pools, hot tubs, whirlpool baths
- Barbecue pits, bath houses, tennis courts, satellite dishes or tree surgery
- Additions or alterations to support commercial use or to equip or refurbish
- Washers and dryers



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