

FHA 203(K) Renovation Loan

203K Eligible Borrowers:

- Owner Occupants - Purchase - Refinance
- Non- Profits
- 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.

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)

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

Eligible Work Items

- Repair/Replacement roofs, gutters and downspouts
- Repair/Replacement/upgrade of existing HVAC systems
- Repair/Replacement/upgrade of plumbing and electrical systems
- Repair/replacement of flooring
- Exterior and interior painting
- Minor remodeling, such as kitchens, which do not involve structural repairs.
- Weatherization: including storm windows and doors, insulation, weather stripping, etc.
- Purchase and installation of appliances – including free-standing ranges, refrigerators, washers/dryers, dishwashers and microwaves.
- Improvements for accessibility for persons with disabilities
- Lead based paint stabilization or abatement (HUD REOs)

- Repair/replace/add exterior decks, patios, porches
- Basement finishing and remodeling, which does not involve structural repairs.
- Window/door replacements and exterior wall re-siding
- Septic systems and/or well repair or replacement

Ineligible Work Items

Any items that **do not** appear on the eligible list of that would:

- Necessitate a "consultant" to develop a "Specification of Repairs/Work Write-Up"
- Require plans or architectural exhibits;
- Require a plan reviewer
- Require more than six months to complete (HUD will not grant extensions)
- Result in work not starting within 30 days after loan closing; or
- Cause the mortgagor to be displaced from the property after mortgage loan closing).

Here are a few suggestions to get you started:

- Get pre-approved using our online application
- 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

Tim Bradford

LENDING CONSULTANT

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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

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.

Made available to certain lenders by the U.S. Department of Housing and Urban Development (HUD), the FHA 203(k) program has already provided many buyers with the funds necessary to buy their first home, or greatly improve a current home. The FHA 203(k) loan is available to borrowers of all income levels, to homeowners who plan to occupy the house, and for homes with one to four units.

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FHA 203K



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