FHA 203K Rehab Loan

What is an FHA Loan?

- An FHA 203k loan is basically the same as a regular FHA [called a 203(b)], but with a twist
- An FHA 203k loan permits home buyers to finance repair/improvement money into their mortgage to repair, improve or upgrade their home
- Easily tap into cash to pay for property repairs or improvements

The Real Benefit

- The purchase of a house that needs repair is often a catch-22 situation
- Banks may not lend until the repairs are complete, and the repairs cannot be done until the house has been purchased
- FHA 203k loan program can help you with this quagmire and allow you to purchase or refinance a property and include in the loan, the cost of making the repairs and improvements

Minimum and Maximum Amount

- FHA 203k Streamline/Limited: $0 minimum – $35,000 maximum*
- FHA 203k Standard: $5,000 minimum – no pre-set maximum*
- *The maximum is always limited by lesser of the borrowers approval limit, the FHA maximum mortgage limit for the area or 110% of the improved appraised value

Loan Highlights

- Allows repair/renovation costs can be rolled into the loan
- 15 or 30-year term option
- 3.5% down payment for loans of $625,500 or under and 5% for loans above $625,500; other FHA loan qualifications apply
- Loan can go up to 110% of “after-improved value” from appraisal
- FHA loans take longer to close than conventional mortgages

8 Steps To The FHA 203k Loan

- Get Pre-approved
- Searching for a property
- Making the offer
- Submitting the offer
- Appraisal is ordered
- Loan verification and approval
- Closing
- Inspections and draw disbursement checks

10 Most important factors in buying your dream home