

FHA 203(K) REHAB LOAN

WHAT IS A 203(k) LOAN?

The FHA 203(k) rehab loan is a cost-effective loan which allows a buyer to finance necessary repairs or desired home improvements with a minimum 3.5% down payment FHA loan. It allows a single loan to simplify a purchase or refinance along with financing renovations. It's a great option for a property that needs a little work and the buyer doesn't have the cash to pay for improvements.

There are two types of 203(k) Rehab loans: Standard and Limited. A Standard 203(k) Rehab Loan program can include structural changes, additions, fencing, and improvements. The Limited program is user-friendly and allows the following improvements to be financed into the loan.

PROGRAM ELIGIBILITY:

- Fixed-rate FHA mortgage
- Primary residence only
- Maximum \$35,000 rehab amount; no minimum
- FHA guidelines apply for loan credit approval
- Minimum 640 credit score
- Cash reserves may be required
- Interested party contributions allowed up to 6%
- Standard FHA investment required
- Maximum 96.5% loan-to-value (LTV) on a purchase
- Maximum 97.5% LTV on a refinance
- Attached and detached single family residences, condos, and PUDs
- 2- to 4-unit properties allowed if owner lives in one of the units
- Allows for energy efficient program

TYPES OF IMPROVEMENTS INCLUDE:

- Repair/replacement of roofs, gutters, and downspouts
- Repair/replacement/upgrade of existing HVAC systems, plumbing, and electrical systems
- Repair/replacement of flooring
- Minor remodeling, such as kitchens, which does not involve structural repairs
- Painting, both exterior and interior
- Weatherization, including storm windows and doors, insulation, weather stripping, etc.
- Lead-based paint stabilization or abatement of lead-based paint hazards
- Repair/replace/add exterior decks, patios, and porches
- Basement finishing and remodeling, which does not involve structural repairs
- Basement waterproofing
- Window/door replacement and exterior wall re-siding
- Septic system and/or well repair or replacement

Note: *Structural alterations and luxury items such as swimming pools and barbecue pits are not eligible.*



Jackie Galipeau

NMLS #2454051 MTBK #1694337
Montana Mortgage Specialist

Visit my office at:
2620 Connery Way Suite 100
Missoula, MT 59808



406. 239.3473 | jackie@galipeaumortgage.com | galipeaumortgage.com



Galipeau Mortgage LLC. is not endorsed by, nor acting on behalf of or at the direction of, the U.S. Department of Housing and Urban Development, Federal Housing Administration, the Veterans Administration, the U.S. Department of Agriculture, or the Federal Government. This material is informational only and does not constitute an offer to lend or recommend available products. This is not an advertisement to extend credit as defined by Regulation Z nor an application for credit as defined by RESPA/Regulation X. All applications are subject to underwriting guidelines and approval based upon the credit, assets, value of subject property, and borrower's ability to repay. Not all applicants are eligible for or qualify for all loan products offered. All loan programs, terms, and conditions are subject to change without notice. Not a commitment to lend. Borrower must meet qualification criteria.