

The Perfect Mortgage for Fixer Upper Homes

FHA's Streamline 203(k) Buy & Repair Mortgage is an ideal program for homebuyers in need of minor cosmetic repairs on their potential new home.



The Process

With a Streamline 203(k) mortgage, the rehab cost is calculated into the original loan balance, resulting in one loan. The mortgage balance can exceed the purchase price of the property. The appraiser or home inspector will compile a list of recommended repairs/improvements. Unlike the Major 203(k) program, Streamline 203(k) eliminates the need for a consultant and consultant's fees.

FHA Streamline 203(k) Highlights

- May be used for purchase or refinance of one-to-four (single family), owner-occupied residences
- For less complex projects that require no plans or specs
- Maximum \$25,000 total rehab cost
- Fixed-rate mortgage available
- No minimum loan balance required
- Work must commence within 30 days from closing
- Work must be completed within six months

For more information, please contact:



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Ineligible Repairs & Improvements

- Landscaping or yard work
- Major remodeling
- Moving a load-bearing wall
- Room additions
- Fixing structural damage

Eligible Repairs & Improvements

- Roofs, gutters and downspouts
- HVAC systems (heating, venting and air conditioning)
- Plumbing and electrical
- Minor kitchen and bath remodels
- Flooring: carpet, tile, wood, etc.
- Interior and exterior painting
- New windows and doors
- Weather stripping and insulation
- Accessibility improvements for persons with disabilities
- Energy efficient improvements
- Stabilizing or removing lead-based paint
- Decks, patios, porches
- Septic or well systems
- New kitchen appliances



FHA Can Help Turn a Ho-Hum House into Your Dream Home

With the **FHA's 203(k) Buy & Repair Mortgage**, qualified homebuyers can roll the costs of major improvements and upgrades into their home mortgages.

FHA 203(k) Highlights

- May be used for purchase or refinance of one-to-four (single family), owner-occupied residences
- Reduces financing costs with one mortgage and only one set of closing costs
- Fixed-rate mortgage available
- \$5,000 minimum requirement for eligible improvements on the existing structures of the property

The Process

A 203(k) loan begins with a feasibility study, overseen by an approved consultant. During this process, the consultant determines whether the improvements would be justified upon completion. Along with the lender, the consultant monitors the project's progress and performs a final inspection upon completion. Escrow is then closed out, and any remainder is paid down against principal.

Ineligible Improvements & Repairs

Luxury items and improvements that do not become a permanent part of the real property are not eligible as a cost of the home's rehab. The following non-exhaustive list illustrates examples of unacceptable items for 203(k) loans:

- Barbeque pit
- Exterior hot tub or gazebo
- Sauna or spa
- Outdoor fireplace or hearth
- Photo mural
- Installation of a new swimming pool
- Television antenna or satellite dish

Eligible Improvements & Repairs

- Structural repairs or alterations and reconstruction (i.e., installation of additional bathroom(s), repair termite damage, etc.)
- Improved functionality and modernization (i.e., remodeled bathrooms or kitchens)
- Elimination of health and safety hazards
- Changes for aesthetic appeal and elimination of obsolescence (i.e., new exterior siding, covered porch, stair railings, etc.)
- Reconditioning or replacement of plumbing, heating, air conditioning and electrical systems
- Installation of well and/or septic system
- Roofing, gutters and downspouts
- Flooring, tiling and carpeting
- Energy conservation improvements
- Major site improvements that enhance property value; fencing, new walks and driveways and general landscape work may be eligible, but cannot be included in the first \$5,000 requirement
- Accessibility improvements for persons with disabilities
- Related fixtures and general painting also may be eligible, but cannot be included in the \$5,000 requirement

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