



Leading Rehab Mortgage Programs

Are you interested in buying a home that needs a new roof, an up-to-date bathroom, or other substantial improvements? Sometimes, homes requiring a little tender loving care offer excellent values to buyers.

The challenge, however, can be finding extra money for upgrades on top of all the other costs of purchasing a home. Fortunately, there are several attractive government-affiliated renovation loan programs aimed at helping buyers solve this problem.

★ FHA 203(k)

Under the auspices of the U.S. Department of Housing and Urban Development (HUD), **the Federal Housing Administration (FHA) offers two rehabilitation mortgage insurance products:**

1. FHA 203(k) Standard Loan

Finance your home purchase plus the cost of significant improvements in a single mortgage with a low, 3.5% down payment. Licensed and insured contractors must submit official bids and complete the work. (In other words, this program is not for DIYers.)

2. FHA 203(k) Limited Loan

This is a more streamlined version of the program, which lets homebuyers finance up to \$35,000 in non-structural repairs, improvements, or upgrades. Starting January 1, 2020, the limit was raised to \$50,000, but only for the first 15,000 applicants in designated "Opportunity Zones."

★ Fannie Mae HomeStyle® Mortgage

Like the 203(k), a HomeStyle® loan is designed to help borrowers buy and rehab a home with one loan. Eligibility requirements differ, however, depending on your credit, your income, and the type of property. The minimum down payment is 5%.

★ VA Rehab Loan

The Veterans Administration offers attractive renovation loans to help qualifying military members, veterans, and certain military spouses purchase an affordable "fixer-upper" and bring it up to specific standards of livability. VA also offers supplemental loans for a wide range of home improvements.

It's important to note that only approved lenders can accept and process applications for any of these programs.

Also, like all major financial decisions, there are many factors to consider when determining if a renovation loan is right for you. Be sure to seek expert advice from a trusted advisor.

Ask your Accredited Buyer's Representative (ABR®) for local recommendations. Your ABR® is an excellent resource for all your housing-related needs.

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