

203(k) Limited Renovations + Upgrades



The Limited 203(k) program is designed for minor rehabilitation/renovation projects and allows a borrower to obtain a single loan to purchase a property or refinance an existing loan and complete repairs and improvements after loan closing using the “After-Improved: value of the property.

Eligible Improvements

- The Limited 203(k) may only be used for minor remodeling and non-structural repairs.
- Repairs/renovation limited to a maximum of \$35,000 (including all renovation costs, fees, Contingency Reserve, etc.). the total mortgage amount on the property including the cost of repairs, must fall within the FHA mortgage limit for the area where the property is located. There is no minimum renovation amount.
- State/county/municipality licensing requirements must be followed.
- All work must be completed by a licensed contractor; self-help is not allowed.

All health, safety and energy conservation items must be addressed prior to completing general home improvements.

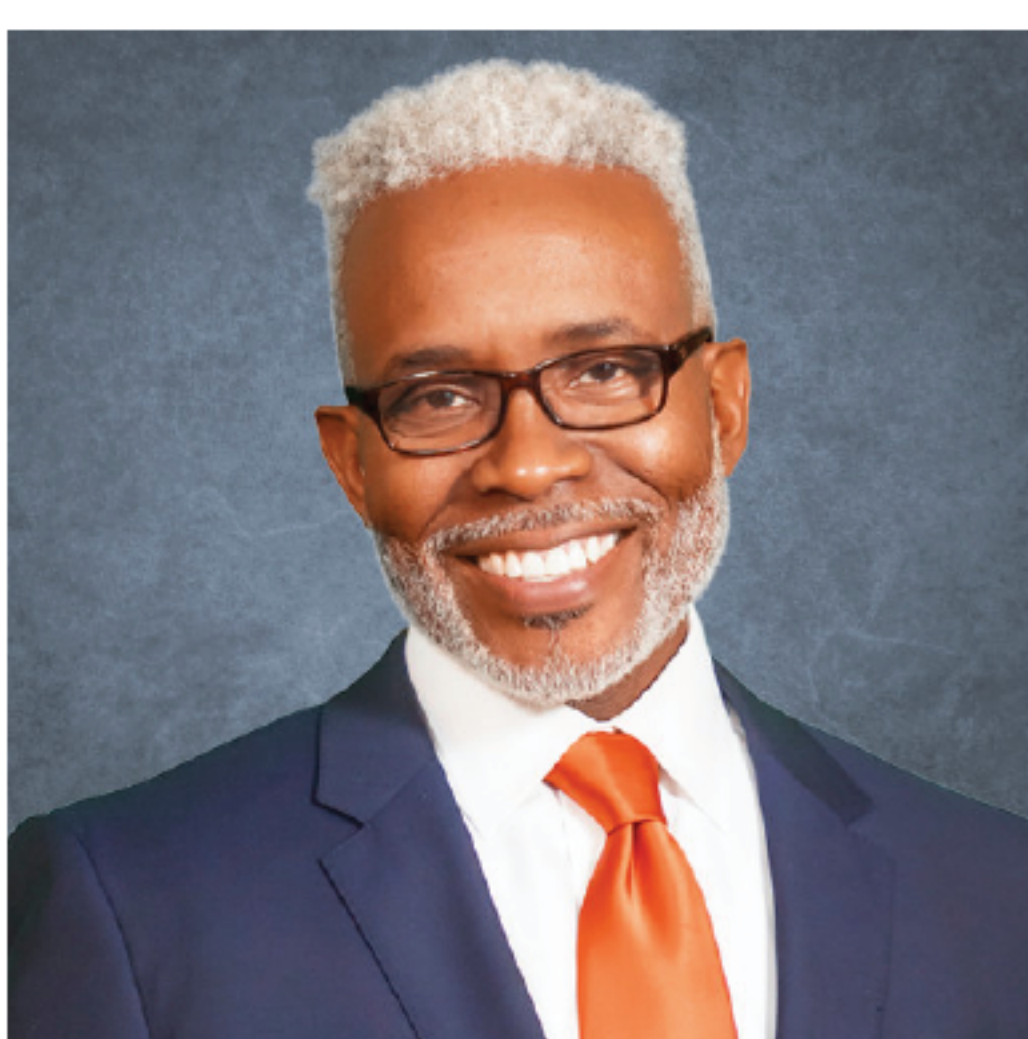
All improvements to existing structures must comply with HUD’s MPR and meet or exceed building codes. Items eligible for Limited 203(k) funds include, but are not limited to:

- Change to improve function/modernization (bath/kitchen remodel). Cannot include structural changes
- Elimination of health/safety hazards (lead-based paint, mold, etc.) that violate HUD’s MPR
- Connecting to water public water and sewage systems
- Repair/replacement/upgrade of plumbing, heating, air conditioning and electrical systems
- Repair/replace/installing roofs, sidings, gutters, down spouts, flooring, appliances, windows and doors improvements
- Eliminate of obsolescence
- Repairs to existing swimming pool
- Well/septic repair/replacement work

Note: Patios and decks must increase the As-Is value equal to the dollar amount spent on the improvements.

Ineligible Improvements

- The repair or improvements are expected to require more than 6 months to complete.
- The rehabilitation activities require more than two payments per contractor.
- The repairs prevent the borrower from occupying the property for more than 15 days during renovation.
- The required repairs are such that a HUD Consultant would need to prepare a Work Write Up or require plans or architectural exhibits.
- Landscaping or site improvements
- Structural Repairs of any type



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