

## FHA 203K Limited Repair Program

The streamline FHA 203K Repair Program is intended for the home buyer to purchase a home using an FHA home mortgage and then be able to complete basic repairs costing from a minimum of \$5,000 up to a maximum of \$35,000. The loan amount includes the original purchase price, repair costs, 203K program fees, and required contingency reserves. This program requires 3.50% Down Payment of the total of items mentioned previously.

### Eligible Work Items –

- Repair/replacement of roofs, gutters, and downspouts
- Repair/replacement or upgrades of HVAC systems
- Repair/replacement or upgrades of plumbing and electrical systems
- Repair/replacement or upgrades of flooring
- Minor remodeling, such as kitchens/baths, which **DOES NOT** include structural repairs
- Painting – Interior and/or Exterior
- Weatherization, including storm windows and doors, insulation, weather stripping, etc;
- Purchase and installation of appliances, including free-standing ranges, refrigerators, washers/dryers, dishwashers, and microwave ovens
- Accessibility improvements for persons with disabilities
- Lead-Based Paint stabilization
- Basement finishing and remodeling, which **DOES NOT** involve structural repairs
- Basement waterproofing
- Window and Door replacement and exterior wall re-siding
- Septic system and/or well repair or replacement
- Mold abatement/remediation

### Ineligible Work Items –

- Major rehabilitation or major remodeling, such as tear down or re-location of walls
- New Construction (including room additions)
- Repair of structural damage
- Repairs requiring detailed drawings or architectural exhibits
- Landscaping, irrigation, or similar site improvements
- Repairs or Improvements that require more than (6) months
- Rehabilitation activities that require more than (2) specialized contractors
- Luxury Items (hot tubs, swimming pools, fountains, decks, patios, etc)
- Driveway repairs



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- **Contingency Reserves:** Contingency Reserves are amounts that are required to be included as part of the \$35,000 Total Maximum allowable for the Limited FHA 203k program. Contingency reserves are required in the event of cost overruns on the project. Contingency Reserves are required as follows:
  1. Properties build in 1959 or prior will require 20% reserves.
  2. Properties build between 1960 and 1978 will require 15% reserves.
  3. Properties build from 1979 until present will require 10% reserves.
  4. Banked owned/HUD owned/Company owned will require minimum 15% reserves. If plumbing repairs are needed, regardless of the age of the property, 20% reserves will be required.
  
- **Borrower's Minimum Cash Investment**
  1. Minimum down payment is 3.50% of the original purchase price plus repair estimates, reserves, and all fees.
  2. Appraisal value must be at least 100% of the total of original purchase price plus repair estimates, reserves, and all fees.
  3. Sellers are allowed to pay up to 6% of the purchase price towards closing costs.

