

FHA 203(k) REHABILITATION Mortgage Programs



The FHA 203(k) Standard & Limited Rehabilitation Mortgage Loan Programs offer mortgage financing for homebuyers interested in purchasing a home that needs repairs. Mortgages under these programs include the costs of purchasing the home as well as the cost of repairs.

ELIGIBILITY REQUIREMENTS

- You must be a first-time homebuyer or have not owned a home in the past three years. Borrowers who have owned a home previously may also apply if they plan to purchase in a targeted area of the state. (see *Targeted Areas* at chfa.org)
- The sales price of the home does not exceed CHFA sales price limits. (see *Sales Price Limits* at chfa.org) Purchase price and cost of repairs must be within the FHA Maximum Mortgage Limits applicable for the home's location.
- Borrower(s) gross income must not exceed CHFA established income limits based on household size. (see *Income Limits* at chfa.org)

Note: Income limits do not apply if you are purchasing a home in a targeted area unless you are also using Downpayment Assistance Loan Program funding.

- The interest rate is the CHFA published rate on the day your Participating Lender registers your loan. *The interest rate is reduced by .25% if purchasing in a Targeted Area.* (see *list of Targeted Areas* at chfa.org)

DOWNPAYMENT ASSISTANCE PROGRAM (DAP)

CHFA offers a down payment assistance second mortgage loan to qualified borrowers who are receiving a CHFA first mortgage. Eligible purposes include down payment assistance and/or closing costs.

WHAT TYPES OF REPAIRS ARE COVERED?

The 203(k) Standard Program allows for full structural alterations and repairs of damage to the home, including chimneys, walls, roof, and ceilings as well as termite and water damage. The 203(k) Limited Program allows for improvements and repairs with costs between \$5,000 and \$35,000. Repairs may also include:

- Full conversion of a single family home to a duplex; or a six unit building to a three family home; or alterations to enable handicap accessibility.
- Installation of energy-efficient features to plumbing, heating, electrical devices, or replacement of wells, septic tanks, windows and hot water systems.
- Repair of flooring, roofing, handrails, downspouts and exterior siding that improves the general livability of home.

IMPORTANT INFORMATION

- You are required to have a construction contract with a builder or general contractor who is registered and/or licensed with the Connecticut Department of Consumer Protection and has appropriate insurance.
- A contingency reserve of up to 20% of the rehabilitation costs will be retained by your lender. Unused funds will be applied to the principal curtailment of your loan.

HOMEBUYER EDUCATION CLASS

At least one borrower is required to attend a free homebuyer education class prior to closing. Classes are held at several locations or online. Your lender will provide you with information for online counseling when your loan is reserved.

A Landlord certificate is also required if purchasing a two to four family home. (see *Counseling Class schedules* at chfa.org)

FEDERAL RECAPTURE TAX

In rare cases, you could be required to pay a Federal Recapture Tax in the future if you sell the house. Your lender will provide you with information at the time of application.

You may be eligible to receive reimbursement from CHFA if you are required to make the Federal Recapture Tax payment.

HOW TO APPLY

To learn more about the program and to apply, contact one of the CHFA Participating Lenders for guidance. (see *Participating Lenders list* at chfa.org) or call CHFA toll free at: 844-CT1-HOME (844-281-4663).