

FHA 203(k) LIMITED REHABILITATION Mortgage Program



WHAT TYPES OF REPAIRS ARE COVERED?

The 203(k) Limited Program allows for minor remodeling and non-structural improvements/repairs with costs between \$5,000 and \$75,000. Repairs may include, but are not limited to:

- Roofing, gutters and downspouts
- Plumbing and electrical systems
- HVAC systems
- Interior or exterior painting
- Weatherization
- Accessibility improvements
- Lead Paint stabilization or abatement.

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 *CHFA- Participating Lenders list* at chfa.org) or call us toll free at: 844-CT1-HOME (844-281-4663).



The FHA 203(k) Limited Rehabilitation Mortgage Loan Program offers mortgage financing for homebuyers interested in purchasing a home that needs repairs. Mortgages under this program include the cost of purchasing the home as well as the cost of repairs.

ELIGIBILITY REQUIREMENTS

- Borrowers must be a first-time homebuyer or have not owned a home in the past three (3) years unless purchasing in a Targeted Area of the state. You may not own any other property at the time of closing your CHFA mortgage. (see *list of 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)
- The interest rate is the CHFA published rate on the day your CHFA 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)

DOWN PAYMENT ASSISTANCE PROGRAMS

CHFA offers down payment and closing cost assistance loans in conjunction with CHFA first mortgage loans. The minimum assistance amount is \$3,000.



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