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.

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