

What is a 203(k) Loan?

The 203(k) loan program offers borrowers the resources to rehabilitate a home that may be in need of repair. It can be used for the home that they currently live in, or for that special fixer-upper opportunity. One single loan is used to pay for the purchase (or refinance) and the cost of renovating the home.

- ✓ The 203(k) program is an FHA loan.
- ✓ It's perfect for homes that are in need of repairs, improvements or upgrades.
- ✓ The minimum down payment is 3.5% on a purchase (2.25% for Rate/Term Refinances).
- ✓ The seller can pay closing costs up to 6% of the sale price
- ✓ The appraisal is based on the "after improved" value of the home.
- ✓ Can be used to add square footage, for example: a bedroom, bathrooms, etc.
- ✓ Can be used to purchase a new home or refinance a current home (No cash back to borrower).
- ✓ Buyers may finance up to 6 months worth of house payments if the home cannot be occupied during the renovation period.

*Loan limits vary by county. Other Arizona counties have limit of \$420,680. Other conditions and restrictions may apply. Rates and available loan programs are subject to change without notice. Contact your loan officer for more information.

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