



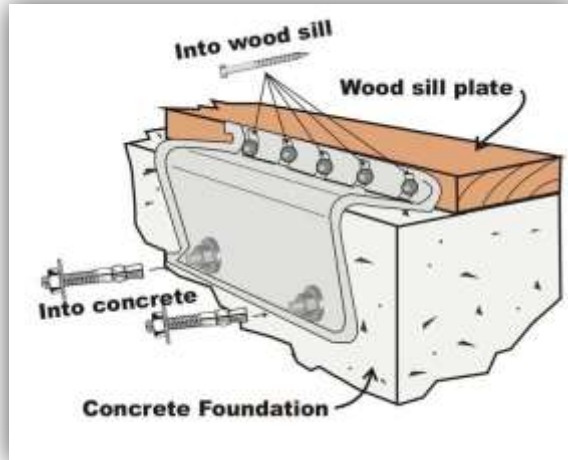
## Top 10 FHA 203k Topics

The [FHA 203k section of the AmeriFirst Home Mortgage blog](#) is the most-read section. With so many homes needing repairs, and options for financing dwindling, this [government-backed program](#) is gaining notoriety. To help you become an educated consumer, we have compiled the top 10 FHA 203k topics according to our readers. This eBook should give you the tools it takes to decide whether the 203k loan program is for you.



## #1 - How Do I replace a Sill Plate? The 203k Loan!

Replacing the sill plate on a house can sound like an impossible job. The sill plate is basically the buffer between the bottom of your walls and the top of your basement or foundation. It's treated wood, and it's anchored to the cement below.



Sometimes these need to be replaced. But do you want to put jacks under your home and lift it up all on your own? It can be done. I found an article on ehow.com that explains [how to replace a sill plate](#).

It sounds like a big job to me. Or you can hire a professional to take care of it for you. But how do you pay for it? The [Full 203k is used for anything structural](#). The sill plate falls under that category. Of course, the house must be an owner-occupied home, or fall under the multi-unit qualifications.

### Some of the nuances of the FHA 203k loan

We know the sill plate is covered by the 203k renovation loan. Several items are NOT covered.

- Recreational or luxury improvements like swimming pools and exterior hot tubs
- Barbecue pits
- Tennis courts
- Tree surgery
- TV antennae
- Bath houses

We also know that borrowers must be owner-occupied home buyers. FHA says investors and nonprofit organizations need not apply.

Ineligible properties include manufactured homes, log homes, homes that have never been completed and any home completely demolished INCLUDING the foundation. So as long as the foundation is there, the 203k is an option.

FHA has a few other requirements like minimum cash investment and mortgage insurance. A licensed/approved contractor must also do the work. Some of these requirements have led people to ask, "[Why are 203k loans so terrible and difficult to get?](#)" As that article points out, they shouldn't be so bad. Having a 203k specialist on your team will help answer any of these questions before they're asked.



## #2 - 3 Reasons 203k “Rehab Mortgage Loans” Work Right Now

Foreclosures everywhere, bank-owned homes, cheap deals... You hear it all the time on the news. Sounds like a buyer’s market. While that’s true, buying a home for \$50,000 may leave you with a \$30,000 honey-do list.



So what do you do? You come to us here at [AmeriFirst Home Mortgage](#). We’re now working with potential homeowners right now on this. You can get a mortgage on a great buy, and have the money to work on the house so you can bring it up to snuff. It’s called a 203k Rehab Mortgage Loan. And we’re the experts. We know what it takes for a property to meet the requirements, and what you need to do to the home after you buy it based on the government’s rules. You won’t get this kind of guidance and compassion from the big, faceless Big Banks you hear about on Wall Street. Our folks in the office are your neighbors already. We want to see people in homes across the area. Stop in to see us (we’ll even pour you a cup of fresh coffee) and find out how we can help. Making your home ownership dreams come true is what we live for!

### Let’s take a look at 3 reasons this mortgage loan is a great option right now.

#### 1. It’s an important tool for community and neighborhood revitalization.

The 203k is HUD's primary program for the rehabilitation and repair of single family properties. You can turn to state and local housing agencies and nonprofit organizations to rehabilitate properties. This is great for building neighborhoods back up, and getting rid of blight.

#### 2. Lower income communities benefit from the 203k.

HUD considers the 203k a great option for lower income areas to become hot spots for home ownership. It’s a great chance for life-long renters to become first time homebuyers.

#### 3. A lot of foreclosures out there – it’s a buyers market.

With many homes selling below their value, you can get a good deal. When a bank-owned home sells "as is" ... you may need to cover several improvements and repairs. The 203k rehab mortgage loan is part of the solution to getting you into that home.

There are several requirements to get the loan, and a list of improvements you have to make. We’re happy to share this information with you anytime. Come on in or give us a call. You can also fill out a short form to [learn how repairs can be rolled into the mortgage](#), and we’ll be in touch with you. We’ve made it that easy to turn you into a first time home buyer, or find that great deal you’ve been hoping for all this time.





### #3 - Renovations, Repairs, Upgrades or Rehabilitation: 203k Guide Giveaway

First time home buyers, current homeowners looking to refinance and make upgrades or repairs, any buyers looking at the foreclosure and short-sale market ... all of these folks have something in common: the FHA 203k loan is a great option for any of them. We're big fans of the 203k loan program and we love to talk about it. Check out the [AmeriFirst Mortgage Minute videos](#) and hear directly from our program manager.

#### Let's look at the pros and cons of the 203k.

##### *Benefits to the 203k:*

- You can upgrade appliances, paint, carpet and other "desired" items.
- Buyers can get into an inexpensive foreclosed home and finance the repairs right into the life of the loan with no equity needed
- Structural repairs are even covered under the Standard of Full 203k loan
- The program, backed by the government, has been around since the 1970's so the bugs have been worked out

##### *Perceived Pitfalls of the 203k:*

- Sometimes government programs involve red tape.
- Horror stories involve a long, drawn out process to get this loan, close it and have the repairs done
- A licensed contractor must do most of the work with a few exceptions. This is not a do-it-yourself (DIY) loan program

This means having a 203k Specialist working with you can be crucial and life saving. Take this free 203k Guide and check out all of the options and the steps. Print it off and share it. Buyers can use this to decide whether buying a bank property is worth it. Real estate agents can use this information to help handle all of the [increasing number of bank-owned homes coming on the market](#).



Contractors can use this information to help clients looking to make improvements like additional rooms find financing.

The 203k guide is completely free. Download it, print it, pass it around...however you can use it in its original form please do. We want to spread the good news about the FHA 203k loan program with this giveaway!





## #4 - 3 House Problems Solved by HUD's 203k Home Mortgage Loan Program

Well it's the night before, the night before Christmas.

This week we talked about [reasons to get out of that apartment and into a house](#). We also talked about

rising rates and how first time home buyers are reacting. And we talked about [your credit score scare](#).

All in all, it's been a busy week here at AmeriFirst.

We're getting ready for the end of the year.

Everybody seems to be full of holiday cheer (seriously, stop in see – I'll even pour you a cup of coffee!). Even as the tasks add up, we're thinking of the next step.

Right now we're working on the next big thing coming down the pipeline. We have a partnership with

REBuildUSA to help on home improvements, rehabilitation homes and repairs.



It's part of the 203k loan program from HUD. During this economy, it's a great option for several issues. Here's a look at 3 of these situations.

1. **Buying a foreclosure property.** Bank owned properties can easily fall into disrepair. Banks don't have the time or means to keep up on every property under their financial umbrella. Also, the homes are often sold "as is." Because of this, inspections and repairs rarely happen. A 203k is the answer to this problem. Rolling repairs into the home mortgage loan can prepare you for what you buy.
2. **Home improvement project (a new room, other addition).** When your equity is low and a line of credit isn't in your future, the 203k can help. Instead of a home equity loan where you leverage the equity you have (or don't have) in your home, this HUD program takes into account the FUTURE appraised value after the improvements.
3. **Home repairs (furnace, roof, etc.).** Repairing your home can bring it back up to value. The 203k "repair" portion is there to help keep neighborhoods in good order and keep home values up.

All of these nuances of the 203k home mortgage loan program can be overwhelming. After all, it's a government program. The great thing is that the teams here at AmeriFirst are always working on ways to make this HUD program work for you and our community. We'd love to see you in our office. Let us know how we can help by following the link below. We're here to help.



## #5 - Build or Buy: Why the Current Real Estate Market is a Buyer's Market

Buyer's market...seller's market...builder's market. What does the real estate market look like today? Reading the news about Atlanta-based builder Beazer Homes, it appears to be a buyer's market. The company recently announced a new move for itself: [buying homes and renting them to tenants](#). Beazer is one of the top 10 builders across the country.

This new program is underway in Phoenix, Arizona right now. Beazer will buy homes (typically distressed properties) that were built in the last 7 years, make repairs and rent them out. Beazer says it will have 100 homes by the end of the year, and hopes to expand into California and Nevada.



### What This Means

So what does this mean for first time home buyers in Michigan? Or step-down home buyers in Indiana? Or buyers looking for upgrades in Ohio? Essentially it means one of the biggest builders in the country sees more value in buying homes and making repairs than building an all-new home. This means that instead of looking for property, buyers may want to consider finding distressed properties and making repairs.

### How to Take Advantage

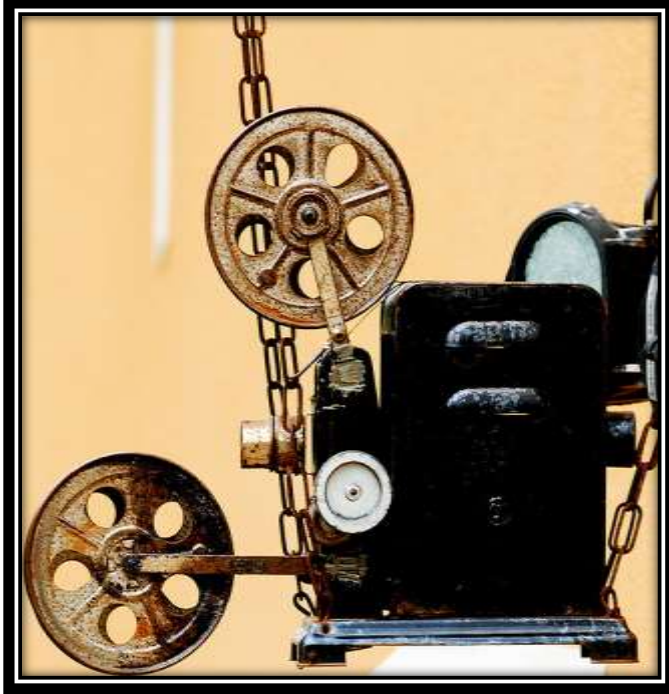
A great program to help make this happen for you is the [FHA 203k](#). This renovation loan program will roll almost any repairs, upgrades and improvements into the life of the mortgage, creating instant equity. You can pay for new paint, carpet and appliances with a Streamline 203k. You can repair a roof or make structural repairs with the Full or Standard 203k. The options are numerous.

*An example: a buyer could find a home for \$75,000 in an area where values are set at \$150,000. Rolling \$35,000 worth of repairs (the max on a Streamline 203k) into the financing still puts the investment at \$110,000. That's instant equity of \$40,000.*

### Want to Know More?

If you're ready to find out more about the FHA 203k and how it affects this market, you have a few options. You can look through the [203k section of our blog](#). We also offer a [free eBook you can download](#). And when you're ready to talk to someone face to face, you can [contact a 203k Specialist here at AmeriFirst](#).





## POPULAR 203k “FILMS”

Blog articles #6 and #7 use a couple of our Mortgage Minute TV videos to help explain the FHA 203k.

### #6 - VIDEO: What is 203k and Why is it Good for This Market?

As the housing market gets ready for a likely flood of foreclosures going up for sale, it's time to brush up on a government-backed loan program called the 203k. Some folks looking at the home mortgage loan industry say [distressed inventory is about to step out of the shadows](#).

### Current Market Conditions

Some figures show about 35% of the home inventory right now (that's homes listed for sale) are short sales, foreclosures and bank owned. This means a lot of homes are not getting regular maintenance, or are in disrepair. That's where the FHA 203k loan comes into play. Let's hear from [Joe Daly](#), an expert on the 203k.

[Watch: What is the 203k Loan](#)

### #7 - VIDEO 203k Home Improvement Loan: The But Loan

As a real estate agent, if you've ever brought a client to a home and they said, "I'd make an offer but..." then the 203k may be for you.

If you've ever found a house as a buyer and said, "I like it but..." then the FHA 203k loan could be for you.

[Joe Daly](#) was a member of the National Association of Realtors and licensed in Ohio for years. Now he teaches real estate professionals all about 203k loans and the mortgage world. He found that real estate agents often found themselves with the "but" problem, especially in a market with unoccupied homes, foreclosures and short sales.

We talked to Joe about this catchy term for the 203k program from the government. Take 2 minutes to find out more about The But Loan.

[Watch: I Want This House BUT](#)



## #8 - Why the 203k Home Mortgage Loan is AKA "The But Loan"

The world of financing and home mortgage loans is serious. But we like to have a little fun where we can here at the office. As boring as government code can be, we're turning the 203k mortgage loan program into something a little more memorable.

Our [203k Specialist Joe Daly](#) was a licensed real estate agent years ago, so he knows how to reach real estate professionals. Joe now teaches mortgage loan officers and real estate folks about the 203k program. Joe call the 203k the "But" Loan. It has nothing to do with anyone's gluteus maximus.

Joe says, "The 203k takes care of anything after the BUT. When someone finds a house and says 'I'd make an offer BUT...' that's where the 203k comes in."

Here's how it works: You find a nice 2 bedroom house in the perfect neighborhood but you want a 3-bedroom. You'd make an offer on the house BUT...you want that third bedroom. Since the house is well within your price range, and the value will go up as the market comes back, you have the option of rolling this home improvement into the life of the mortgage. The 203k home mortgage loan comes to the rescue as your "But" Loan.

Let's say you're looking at a \$70,000 mortgage on a home that was recently worth \$110,000. Now it needs about \$20,000 in renovations. Using this "But" Loan still keeps the home mortgage cost well under the \$110,000 value. The fixer-upper you want can still be your home.



The "But" Loan – or 203k loan program – can be used in several ways. Repairs and renovations range from required to desired. We have several articles on the 203k loan program and all its uses in a section here at the AmeriFirst blog. You can find the [203k section here](#).

So before you let the "BUT" keep you from the house you've found, consider the 203k "BUT" Loan. It's for everything that comes after the BUT.





## #9 - VIDEO: 203k Loan - Full vs. Streamline

[The FHA 203k Loan program](#): it's great for a lot of reasons, in many neighborhoods, and for a ton of borrowers. But there are 2 types of this great loan, and that can be confusing. Let's take a look at the 203k loan options available to you.

### 203k Streamline

Whether it's appliances, carpet or mold removal, the limited repair program FHA 203k Streamline is your home improvement and repair loan.

### Full 203k

If you're looking for structural repairs like replacing a sill plate, pouring a new

foundation or something more serious, the loan you want to consider the Full 203k Loan.

The 203k Loan doesn't have to take months to close. AmeriFirst Home Mortgage is working to spread the word to borrowers and real estate agents that the FHA 203k program can help rejuvenate neighborhoods hit hard by foreclosure. You can borrow against the future value of a home you find that's a great buy but needs work. In fact we call it the "But Loan" because the 203k covers everything after "I like this house but..." Let us know how we can help.

203k Educator Joe Daly breaks down the finer points of the 203k options in this Mortgage Minute.

[Watch: FHA 203k Full vs Streamline](#)



## #10 - 5 FAQs on the 203k Rehab, Renovation & Improvement Home Mortgage

Mortgage loan rates are down right now. Earlier this week the Wall Street Journal reported mortgage rates hitting their lowest in a month. Before they rise again, think about getting into a new home. Whether you're a first time home buyer or you recently went through a divorce, it's a great time to get pre-approved and start looking.



The market is full of options, too. Whether you're looking at a bank-owned home or a foreclosure, or a house that may need a few upgrades like a new deck, a good deal doesn't have to pass you by. A great option is the government-backed 203k or 203(k) loan. Some call it a renovation loan. We've heard it called a rehab loan, or home improvement loan. It's great for that fixer-upper you've passed on the way to work for the last 3 months. The key is that you can roll repairs, rehab projects or home improvements into the cost of an inexpensive mortgage so your house payments are still affordable.

Here's a look at 5 common questions we see when it comes to the 203k loan program.

1. **Who's behind the 203k loan program?** The short answer: the government. The U.S. Department of Housing & Urban Development (HUD) explains the program in its 203k Rehabilitation Mortgage Insurance page. Basically, HUD wants to encourage community and neighborhood revitalization by backing this renovation loan.
2. **Do I need great credit for a 203k mortgage loan?** Just like any home mortgage loan, the better the credit the better the interest rate. With that said, you don't need a perfect score.
3. **Besides repairs or renovations, what else does the 203k cover?** You don't need to replace the roof or knock down a wall to use the 203k loan. Something as simple as repairing pet damage can be rolled into a 203k mortgage loan. If the previous owners left behind bad carpeting you can replace it and the damaged wood under it. It can also help pay for mold removal and lead-based paint problems.
4. **My dad/uncle/friend is a handy guy. Can he do the repairs to save money?** Not exactly. The person doing the repairs must be a licensed and insured contractor. If you want to be the general contractor, you have to be qualified to do the work, and do it in a timely manner. You need to have the work done that's agreed on in the Rehabilitation Loan Agreement you sign at closing. You will only be paid the cost of the materials. Again, it all depends on you being qualified to do the work.
5. **There has to be a catch. What kind of restrictions on property does the 203k loan have?** You're pretty wide open when it comes to which properties are eligible for the 203k loan program. It can be your childhood home, a bank owned property or a lucky find. The 203k even covers mixed-use property (like a storefront) under certain parameters.

The HUD website offers more Frequently Asked Questions on the 203k home improvement and rehab loan you can peruse at your leisure. Another resource we recently found is [203kcontractors.com](http://203kcontractors.com) where you can find licensed contractors. Right now they focus on states other than Michigan, but the program is growing, and the site also has a great FAQ section.





## Thank You

Thanks for downloading this eBook. Feel free to share it with someone looking to make home improvements, repairs or renovations. Contractors and real estate agents may also want to see this.

You can explore the rest of the articles in the [FHA 203k Section](#) anytime you'd like. Book mark the page, and come back. Better yet, subscribe to our blog and get the latest article in your email. We're also on Facebook, Twitter, LinkedIn and YouTube. Simply follow the buttons below to connect and share.



## Free FHA 203k Survival Guide

Looking for more detailed information on the FHA 203k? Check out our free eBook below.



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