

## **Renovation 203 (k) Loans – No Water, No Heat, No Worries**

When purchasing bargain properties (including estate sales, short sales and bank owned), lenders will not approve properties in disrepair. The borrower's credit and income may be fine, but lenders want to lend on habitable properties - without the need for significant repairs. A bad roof, electrical over halls, water service, or foundation cracks would normally stop a loan from being approved. The home's condition gets noted in the bank's appraisal. These typical stumbling blocks In the past could be corrected post closing with the buyer using his own cash or easy access to a home equity financing. Now these routes are not available even if the lender would approve the loan regardless of the home's condition. One of the few options that buyers can access today is the 203(k) loan. This FHA loan rolls the acquisition of the home (or up to owner occupied 4 flat) and repairs in one loan. The process is streamlined and has two levels of requirements based on the extent of the repairs. The attached flyer will be of assistance for anyone in this situation.

Thanks to Chappie Sartino, Renovation Specialist at Wells Fargo Home Mortgage ([chappie.sartino@wellsfargo.com](mailto:chappie.sartino@wellsfargo.com)) for sharing the 203(k) attachment with us.

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