

# OHIO HOUSING FINANCE AGENCY 203(k) PROGRAM



## Does the Home of Your Client's Dreams Need Some TLC?

Many homes for sale are currently in need of repair or modernization, but it can be challenging to pay for improvements after purchasing the property. If your client is buying a property that needs rehabilitation and repair, the 203(k) loan offered by several OHFA participating lenders may be right for your first-time homebuyer.

## 203(k) - How It Works

By using the 203(k) program, your client can combine the mortgage loan with the repair loan into one long-term, fixed-rate mortgage to finance both the purchase and the rehabilitation of the property. The total mortgage amount is based on the projected value of the property after all of the repairs and updates have been completed, including the labor costs. The streamlined 203(k) program is available to finance modest repairs up to \$35,000 and the full 203(k) program provides funding for more extensive work such as structural changes. The property being purchased must be a one-to-four-family home that has been completed for at least one year. Cooperative units are not eligible.

## Eligible Improvements

All health, safety and energy conservation items must be addressed prior to completing general home improvements. The following items can be financed using the 203(k) program (luxury items are excluded):

- Structural alterations and reconstruction
- Modernization and improvements to the home's function
- Changes that improve appearance and eliminate obsolescence
- Reconditioning or replacing plumbing; installing a well and/or septic system
- Adding or replacing roofing, gutters and downspouts
- Adding or replacing floors and/or floor treatments
- Major landscape work and site improvements
- Enhancing accessibility for a disabled person

For more detailed information about 203(k), please visit [www.hud.gov/offices/hsg/sfh/203k/203kabou.cfm](http://www.hud.gov/offices/hsg/sfh/203k/203kabou.cfm) <<http://www.hud.gov/offices/hsg/sfh/203k/203kabou.cfm>>

\*[First-Time Homebuyer Qualifications](#)

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