

U.S. Department of Housing and Urban Development 203(k) Loans and Flood Mitigation Rehabilitation

What is it?

The 203(k) Rehabilitation Mortgage Insurance is a U.S. Department of Housing and Urban Development (HUD) Program that helps homeowners finance a purchase or refinance a home and the cost of rehabilitation through a single mortgage.

Eligible activities include structural alterations and reconstruction, modernization and improvements to the home's function, elimination of health and safety hazards, 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, and making energy conservation improvements. The program does have eligibility requirements that a property must meet in order to access the 203(k) program. For more information on those requirements, please visit the HUD 203(k) Rehabilitation Mortgage Insurance website referenced below.

How could it help me?

Rehabilitation loans are often complicated and costly – high interest rates, short repayment terms, and balloon payments are all common factors. The 203(k) program offers a single, long term, fixed or adjustable rate loan to cover the acquisition or refinancing of the property and its rehabilitation.

HUD confirmed in late June of 2014 that the mitigation of flood risk to an existing home either through relocation or elevation of the existing structure is permitted by the 203(k) program. This means that a homeowner or buyer could use a 203(k) loan to improve their property to protect from potential flood damage and reduce flood insurance premium costs.

Where can I get more information?

HUD 203(k) Rehabilitation Mortgage Insurance Page:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/203k

FHA Resource Center: (800) 225-5342. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339.

Virginia Department of Conservation & Recreation Floodplain Program:

http://www.dcr.virginia.gov/dam_safety_and_floodplains/index.shtml or call (804) 625-3978.

