

Funding, Finance and Credit

Are there government programs for rehabbing a house?

Government programs for rehabbing a house apply to owner occupant purchaser rather than investors. The U.S. Department of Housing and Urban Development's Section 203 (K) rehabilitation loan program is designed to facilitate major structural rehabilitation of houses with one to four units that are more than one year old. Condominiums are not eligible.

The 203(K) loan is usually done as a combination loan to purchase a fixer-upper property "as is" and rehabilitate it, or to refinance a temporary loan to buy the property and do the rehabilitation. It can also be done as a rehabilitation-only loan.

Plans and specifications for the proposed work must be submitted for architectural review and cost estimation. Mortgage proceeds are advanced periodically during the rehabilitation period to finance the construction costs.

For a list of participating lenders, call HUD at (202) 708-1112.

If you are a veteran, loans from the U.S. Department of Veterans Affairs also can be used to buy a home, build a home, improve a home or to refinance an existing loan. VA loans frequently offer lower interest rates than ordinarily available with other kinds of loans. To qualify for a loan, the first step is to apply for a Certificate of Eligibility.

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