

## SPECIAL REPORT:

### ***How to Use the 203K Loan Program to Profit From the Foreclosure Crisis***

Presented By:  
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Welcome, and thank you for ordering this report from RGR Construction about the 203K home renovation loan, **today's best way of financing home improvements**. Let me start out by stating clearly that RGR Construction is not a lender and nothing in this report should be construed as a solicitation to make a loan. We are a general contractor who specializes in home renovation projects. In doing this we have learned about a special way of financing home improvements and want to make more people aware of it. This report is not long and is packed full of great information for anybody that is looking for a way to take advantage of this real estate market and become a homeowner. So let's get started.

***Are you getting tired of hearing about all of the foreclosures out there?*** Have you thought about trying to buy one at a great price but didn't know how you could pay for the repairs? Or possibly you own a home already that needs repairs but your bank told you that you didn't have enough equity to finance the repairs. Or maybe you just know it's a great time to buy a house but don't really know where to get started.

If any of this sounds familiar then please keep reading, because there is a program that you need to hear about.

Maybe you've heard the term 203k loan, maybe not. But what exactly is it?

Well here it is: **The Federal Government, though FHA or Federal housing Administration, insures many different kinds of home loans. The government doesn't actually make the loans, instead they insure the loans - local banks actually make the home loans. However, because the government is insuring them, the banks will make loans that they otherwise would not make. One of these loans is called the 203K home renovation loan. The purpose of this loan is to allow the homeowner to borrow the money to purchase the home and also to finance any repairs that may be needed. It works on refinances as well.** So if you already own a home that needs some work keep reading.

Let me say that again. The purpose of an FHA 203K home renovation loan is to provide financing for the purchase or refinance of a home **AND** to finance any repairs that need done.

#### **Here's an example of how it works:**

Let's say you find a great deal on a house – maybe a bank owned home or other “distressed” home; or maybe just a great deal because of the distressed real estate market. Well most distressed homes or bank owned homes need repairs – that's usually part of the reason they are distressed. The problem is

that in today's lending environment most lenders are not going to make a regular loan on that house to help you buy it – *let alone fix it up*. This is exactly what the 203K renovation loan is suited for. **This type of loan allows you to get that great deal on a distressed property *and* finance the repairs – it helps you become one those people that gets the great deal, one of the ones that benefits from this crazy economy and real estate market.**

Maybe you are wondering why you haven't heard more about these loans. Are they new?

No the 203 K program is not new. The 203k loan program has actually been around for a long time.

So why are they becoming so popular now?

**There are **two reasons** they are becoming more popular now – **One**: there have been an unprecedented number of foreclosures and bank owned homes because of the economy and real estate crisis. The crazy foreclosure market itself is creating demand for this type of loan program. Most times when a bank takes a home back it needs a lot of work. So as more people buy up these bank owned homes and get a great deal in the process, they need a way to finance the repairs – which is a perfect fit for the 203K program.**

The **second reason** the 203K renovation loan has become so popular is that the banks have stopped making these loans on their own. As the banks work their way through this foreclosure crisis they have become tighter and tighter with their lending guidelines. They require higher down payments and loan less money based on the value of the property. So for most people it's impossible to just walk into a bank and get a regular loan to buy a house that needs a lot of work. They just won't do it.

There are other reasons that the 203K program is becoming more popular as well but these are the two main reasons.

So let's review. This economy and real estate market are creating massive amounts foreclosures and bank owned homes. Somebody is going to buy up these properties – ***shouldn't you get in on it?***

The opportunity to get a great deal on a house has never been greater. Home affordability is better than it's been in decades. The only thing stopping most people from taking advantage of this and getting their own home at a great price is lack of financing. The **solution is the 203K home renovation loan. The program has very similar qualifying guidelines to a regular FHA mortgage, which means you don't have to have perfect credit or a lot of money down. In fact you can buy a home for less than 5% down,** and if you don't have that you are allowed to get some of it from a relative, see your mortgage consultant for details on that. Not only that, because this type of loan is backed by the Federal Government the interest rates are very low as well.

So that's it right? Just qualify for the loan and pick out any bank owned home I want?

Well, not so fast. There is one other thing you will need.

You see in order to qualify for a 203K loan you'll need a qualified, licensed, and bonded general contractor. That's where RGR Construction, Ltd. comes in. RGR Construction, Ltd. specializes in whole house renovations. We have been through the 203K program many times. ***In fact we have made it our niche. And having a contractor that understands the program and has been through it is extremely important.*** We have taken the time to get all of the licensing and paperwork needed to do this type of work. In fact we are already approved with most of the lenders in the area that do 203K loans. This will save you lots of time. We can navigate the process, get the work done and get you moved into your new home in the same time it may take somebody else just to get the paperwork approved. ***This is what we do.***

If you are reading this report and are looking to buy or renovate a home in North East Ohio RGR Construction is here to help you. Most people get scared off by the prospect of buying a home that needs major renovations. They don't know what unexpected things might come up. **RGR Construction will help you every step of the way.** If you pick out a house but aren't sure what needs fixed or how expensive it might be, **we will be there to walk through the house with you and help you make an informed decision.** ***Don't get stuck with a money pit.*** Let us come in and do a thorough top to bottom inspection – ***free of charge*** – so you know what you are getting into.

“Why not just hire my uncle,” you may be thinking. After-all, he does that type of work and I'm sure I could save some money. Well, you're uncle may well be a great guy, but the banks have heard that one before. And that is why they require a licensed and bonded contractor to go through a lengthy application process before they will make the loan.

*See it's not only you who must get approved for the loan – it's your contractor – and that's why it's important to pick a contractor that has been through the process before, and one who knows what they are getting into.* The banks require this to protect you and them. They don't want someone who is going to get halfway through the project and then realize it was more work than they anticipated and then bail out. If a contractor walks off the job before the house is finished the bank has a real problem and may have a loan go bad. This is why the bank wants you to deal with a real company who has been through this before. **RGR Construction has an established history of completing 203k projects on time and on budget.**

So now that you understand a little more about the 203K program you may have some other questions.

Let's take a couple of minutes and go over some of the most common:

***If I find a home that I want, what kind of repairs can I use the money for?***

The FHA will have certain items that they require but other than that you are free to do almost any repairs including:

- Repair to the structure of the home. This includes framing, chimneys, foundations, siding, new additions to the home, roofing, basement finishing, and more.
- Repair or the new building of bathrooms.
- New windows and/or skylights.
- Remodeling kitchens and new appliances.

- All types of flooring repairs or new flooring.
- Any repairs that are needed for safety like mold removal or lead paint.
- Repair to internal systems of the home like electrical, plumbing, heating, air conditioning, and ventilation.
- Repair or replacement of wells and septic systems (note that these repairs must be done first).
- Remodeling including new light fixtures, bathroom fixtures (even whirlpool bathtubs), painting, and more.
- Outdoor improvements including decks, patios, covered porches, landscaping, walkways, driveways, fencing, and more.
- Any rehabilitation that is necessary due to accessibility reasons for disabled people.

### **What kind of interest rate can I expect to get?**

As we said before, because these loans are backed by the Federal Government the rates are very competitive. Because rates vary daily we can't tell you on a recording but check with your mortgage consultant.

### **What types of homes can I purchase through the FHA 203(k) program?**

You can use the program to purchase single family homes all the way up to four unit buildings as long as you live in one of them, as well as condominiums. There are certain restrictions for condominium repairs that you should consult your FHA approved lender about before purchasing.

### **Do I have to live in the home I purchase?**

Yes. The FHA requires you to occupy the property you purchase.

### **Can I convert a single-family home into a multi-family home?**

Yes. The FHA allows you to use the rehabilitation money from the loan to convert a single-family home into up to a four-unit home. The FHA also allows you to use the loan to move existing homes onto a new site if necessary.

### **Are there certain repairs that are required by the FHA?**

Yes. The FHA requires you to meet current building standards for energy efficiency. The lender will send a HUD approved inspector out to make a list. RGR Construction will help to clarify the requirements and include them in the cost estimate.

### **How much can I borrow with an FHA 203(k) loan?**

You can borrow up to 110% of the value of the home AFTER the repairs and rehabilitation of the home. The FHA will do a current value appraisal of the home in order to see what it is worth now. Then they will consider all of the rehabilitation you plan to do and do a second appraisal for what the home will be worth after the repairs have been made to the home. If you plan to install solar energy systems as part of your rehabilitation the FHA will insure up to 20% more of your mortgage values which means your lender will loan you more for your repairs and it will be easier to qualify for the loan.

**Is there a minimum amount I need to borrow to make home improvements under the 203(k) program?**

Yes. The FHA requires you to borrow at least \$5,000 for repairs to the home in order to use the 203(k) program.

**Once I have the loan money how long do I have to make the necessary improvements and repairs?**

When you get a FHA 203(k) loan you sign an agreement that specifies what time frame you have to complete the repairs. You have to begin the rehabilitation within 30 days of signing the agreement and receiving the money. The rehabilitation must be completed within 6 months and any pause in the work can't last for more than 30 days straight. This is another reason to be sure that you are working with the right contractor.

**If you have questions that aren't answered here, feel free to contact RGR Construction at 330-598-1824.**

So now you have a pretty good idea of what the 203K program is all about. Let's review how this opportunity affects you.

We all know that this is an unprecedented time in our economy. The real estate market has been devastated – foreclosures are everywhere. Prices are down drastically. So you have a choice. ***You can sit back and let everyone else scoop up these great deals, or you can get out there and get your piece of the American dream.*** In 5 years you can look back wonder why you are still renting or why you didn't buy when prices and interest rates were so low. **OR** you can look back and be glad you did what it took to secure your future.

RGR Construction, Ltd. is *not* a real estate company or a mortgage lender, even though much of what we have covered here is related to those two fields. We just think it's important to let people know about what's available and how we can help. We urge you to get together with your real estate and mortgage professional to talk with them about this. If you don't know somebody in those fields that you trust then we would be happy to make a referral. And of course we would appreciate it if you called RGR Construction when it comes time to deal with the renovation issues.

That is all we have for today. Thank you for listening and **please don't hesitate to take action now. Call us now at 330-598-1824 that's 330-598-1824.**