

# Bo Knows

# RENOVATION LOANS



## WE ARE PASSIONATE ABOUT NEW ORLEANS NEIGHBORHOODS!

Qualified homebuyers can include the costs of improvements in their mortgage loan.

### 203(K) PROGRAM OVERVIEW

Use this loan program to:

- o Purchase and rehabilitate a home
- o Purchase a dwelling, move it to another site, and rehabilitate it
- o Refinance an existing mortgage to rehabilitate the property
- Borrower must occupy the property as their principal residence
- Maximum loan limits are based on property type and location of property
- Luxury items, such as installation of a swimming pool, hot tub or barbecue pit, are not eligible

### TWO TYPES OF 203(K) LOANS

#### LIMITED

For homes that need minor repairs, such as:

- o Replacement of roof or flooring
- o Interior and exterior painting
- o HVAC system replacement or upgrades
- Allows borrowers to finance the purchase of a home and make improvements or upgrades when the total rehab costs do not exceed \$35,000\*
- No minimum repair cost
- Rehab funds are placed in escrow and released as repairs are completed and inspected (maximum 2 draws, 1 progress draw, and final draw)

#### STANDARD

For homes that need major rehabilitation, such as:

- o Structural and/or foundation repairs
- o Room additions
- o Major landscaping improvements
- Total rehab costs must be greater than \$35,000\*
- Minimum \$5,000 of eligible repairs/improvements required
- Rehab funds placed in escrow are released as repairs are completed and inspected (maximum 5 draws)
- Up to six months of mortgage payments may be included in total rehab costs if the Housing and Urban Development (HUD) consultant determines you must be displaced during repairs



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\*Total rehab costs include contingency fees and all other related costs. Not a commitment to lend. Borrower must meet qualification criteria. All approvals/qualifications for this program subject to but not limited to full guideline review and underwriting procedures. Equal Housing Opportunity.