

203K (Streamline) – Step-By-Step

1. Borrower gets pre-qualified.
2. Borrower locates a property in either need of repair or a property which just needs a cosmetic makeover.
3. Borrower writes a standard sales contract to purchase the property (minimum 3.5% down payment required for FHA). The sales price does not include the purchasers desired repair cost. Buyer and seller need to sign 203K addendum to contract acknowledging that there will be 203K financing. Contract should allow for closing date of no less than 45 days from date of ratification.
4. Borrower and Loan Officer complete the application.
5. Borrower must finalize bids for the rehabilitation cost. Remember, The appraiser needs to have the final bid(s) before inspecting the property and completing the appraisal. Along with final bid(s), contractors must provide their acceptance documentation – see [Contractors Acceptance Package](#).
6. Appraisal is completed and file is submitted for final underwriting approval.
7. Loan closes. Seller and Realtor are paid their agreed upon amounts and 50% of the repair cost is disbursed to contractors (check is made payable to both borrower and contractor).
8. Work for repairs needs to begin within 30 days of closing and be completed within six (6) months of closing.
9. Work is complete borrower notifies lender and lender orders final inspection, title update and borrower signs the letter of completion.
10. The final 50% of repair costs are disbursed to contractors (check again is made payable to both borrower and contractor). Final check process takes 5 to 10 business days.