

Frequently Asked Question

Q: Can I as the borrower do some of the work myself?

Borrowers are not prohibited from doing some of the work themselves, however borrowers must be able demonstrate direct industry expertise. For example: A licensed and bonded electrician is allowed to do their own electric work. In such cases only the cost of materials may be included in cost estimates.

Q: Does the contractor(s) have to be HUD approved?

Contractors do not need to be approved by HUD, however contractors must be properly licensed (if applicable) and will need to evidence they meet state, local and industry standards – See Contractors Acceptance Package.

Q: What if the property requires lead-based paint stabilization?

The Streamlined (k) program may be used for all eligible repair items, including the cost of lead-based paint stabilization. A state- or Environmental Protection Agency (EPA) certified lead-based paint inspector, certified risk assessor or sampling technician, must perform the clearance examination.

Q: Can the Streamlined (k) program be used for refinancing the mortgage?

The Streamlined (k) program is also available for mortgage refinance transactions. Only credit-qualifying “no cash out” refinance transactions with an appraisal are eligible for the Streamlined (k) program.

If the borrower has owned the property for less than a year, the acquisition cost must be used to determine the maximum mortgage amount.

Q: What items are ineligible for the Streamlined (k) program?

Properties that require the following work items are not eligible for financing under the Streamlined (k):

- Major rehabilitation or major

remodeling, such as the relocation of a load-bearing wall;

- New construction (including room additions);
- Repair of structural damage;
- Repairs requiring detailed drawings or architectural exhibits;
- Landscaping or similar site amenity improvements;
- Any repair or improvement requiring a work schedule longer than six (6) months; or
- Rehabilitation activities that require more than two (2) payments per specialized contractor.

Mortgagors may not use the Streamlined (k) program to finance any required repairs arising from the appraisal that do not appear on the list of Streamlined (k) Eligible Work Items or that would:

- Necessitate a “consultant” to develop a “Specification of Repairs/Work Write-Up”;
- Require plans or architectural exhibits;
- Require a plan reviewer;
- Require more than six months to complete;
- Result in work not starting within 30 days after loan closing; or
- Cause the mortgagor to be displaced from the property for more than 30 days during the time the rehabilitation work is being conducted. (FHA anticipates that, in a typical case, the mortgagor would be able to occupy the property after mortgage loan closing).