

## HUD's Construction Loan Program Ideal for Bank-Owned Properties

*By Will Johnson*

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*Home buyers can add construction costs to a home loan and save.*

San Diego, -- The real estate market for 2009 forecasts a steady supply of foreclosures that will yield an overwhelming inventory owned by banks.

Many of these bank-owned properties are in need of repairs to be habitable, safe and functional. Buyers are faced with added costs to safely occupy these properties.

One of the best kept secrets is Housing of Urban Development's (HUD) 203K Rehabilitation Program. The 203K program allows home buyers to add a construction loan to the standard FHA home loan. So you get all the benefits of the FHA loan with the addition of the construction costs into one loan.

This is by far the best loan for owner-occupied buyers looking to purchase a bank-owned property in need of repairs.

The program is broad in the scope of work and property. Eligible properties are single detached homes, multi-tenant, mix-use and now condos. The construction loan starts at \$5,000. Simple rehabbing like, painting, new flooring, fixtures and appliances and the total amount under \$35,000 should apply under the 203K Streamline.

Rehab costs over \$35,000 or extensive rehabbing, like structural modifications are processed in the standard 203k program. This requires a contingency reserve starting out at 10%, a consultant and inspection draws.

Will Johnson with Inspection Perfection is a qualified HUD 203K consultant. "I work with the buyer, contractor and lender to manage construction loan process. I'm the eyes and ears for HUD." said Will Johnson. "My 203K consulting services are quickly growing helping buyers through the process."

Many lenders area getting up to speed on this program to offer to first time buyers and owner-occupied buyers interested in buying bank owned properties. This program is not available to investors at this time.

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### About Inspection Perfection

Founded in 2005, Complete residential inspection services serving the entire San Diego County. Services include all types of residential properties, pool & spa, FHA & 203K construction inspections. Reports are digital include images, summary and detail sections. For more information about the 203K program, please call (888) 552-4677 or visit them online at [www.sdinspection.com](http://www.sdinspection.com)

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