



# 203(k) Renovation Loan Checklist

A step-by-step guide for buyers and sellers in Brooklyn

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**Brooklyn Home Sweet Homes**

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QUICK OVERVIEW

# What Is a 203(k) Loan?

## The Basics

### One Mortgage

Combines purchase price + renovation funds into a single loan

### Limited (Streamlined)

For smaller, non-structural repairs up to a set dollar limit

### Standard

For major structural work, larger renovations, and complex projects

## Who Uses It & Why It Helps

Buyers purchasing a **primary residence** that needs repairs are the primary users. For sellers, it opens the door to more buyers – buyers can finance repairs directly, meaning **sellers can sell as-is** to qualified buyers or request a direct cash offer from us.



# Pre-Application Checklist

## Personal Eligibility

- Confirm primary residence intent
- Review credit score & DTI (target FHA guidelines)
- Gather ID & Social Security numbers

## Income & Financial Docs

- 2 years W-2s & recent pay stubs
- Tax returns (if self-employed)
- Bank statements – last 2–3 months

## Lender Steps

- Obtain pre-qualification with an FHA-approved lender experienced with 203(k)
- Discuss down payment & reserve requirements with lender

# Property & Scope Preparation

## Building Your Renovation Plan

A thorough property assessment and clear scope of work are the foundation of a smooth 203(k) process.

### Property Assessment

Major issues, safety concerns, systems: roof, HVAC, electrical, plumbing

### Eligibility & Wish List

Confirm 203(k) eligibility with lender; create must-haves vs. optional upgrades list

### Contractor Estimates

Obtain at least 2 detailed, line-item bids; prepare clear work write-up

### Cost Contingency

Include 10–20% contingency in all cost estimates for unexpected expenses







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# For Sellers with Distressed Properties

## Gather Property Records

Deed, mortgage statements, tax bills, outstanding liens or code violations, utility and maintenance history

## Document Conditions

Take photos of interior & exterior property conditions to support your listing or offer review

## Cash As-Is Offer

Request an offer, review terms, and confirm closing timeline with buyer or with us directly

## Match with 203(k) Buyer

Agree on renovation scope, timeline, and responsibilities with a qualified 203(k) buyer

# During the Loan & Construction Phase

## Escrow & Permits

- Confirm escrow process and draw schedule with lender
  - Confirm permits needed and who will pull them (contractor or owner)
  - Keep copies of signed contracts and permits on-site
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## Draw Management

- Track draws: contractor invoices + lien waivers required for each draw
- Log all change orders in writing immediately

## Site Oversight

- Schedule pre-construction meeting: scope, materials, timeline, staging
  - Maintain regular site visits or photo updates (weekly)
  - Communicate scope changes immediately to lender and contractor
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## Inspections

- Required mid-project inspection per lender schedule
- Required final inspection per lender schedule

# Final Steps & Close-Out

## Buyers — Move-In

### Final Inspection

Confirm final inspection and lender sign-off; receive occupancy/clearance documents

### Walk-Through

Confirm final walk-through and punch list completion with contractor

### Records & Insurance

Retain warranty info, contractor contacts; update insurance to reflect completed work and new value

## Sellers — Post-Close

Confirm funds disbursement, record transfer, and notify utilities of ownership change.

# Common Pitfalls & Tips

## ⚠️ Pitfall: Unlicensed Contractors

Always verify contractor license and insurance before signing any agreement. This is a common reason 203(k) loans fall through.

## ⚠️ Pitfall: Underestimating Contingency

Include 10-20% contingency in your cost estimates. Renovation surprises are nearly inevitable.

## ✅ Tip: Work with Experienced Partners

Use lenders and contractors who have completed 203(k) loans before. The process is complex and experience matters.

## ✅ Tip: Document Everything

Photos and signed change orders protect all parties. Keep thorough records throughout the entire process.

## ✅ Tip: Structural & Safety First

Prioritize structural and safety repairs to pass required inspections and protect your investment.



**Caution**

# Resources & Contacts

## Brooklyn Home Sweet Homes

Free 203(k) consultation available for buyers and sellers.

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## Recommended Resources

- List of FHA-approved lenders (*add local partners*)
- Sample contractor checklist: license, insurance, references
- **Full 203(k) Loan Guide** on our website

 **Need a referral?** We can connect you with lenders and contractors in Brooklyn experienced with the 203(k) process. Reach out before you start – early guidance saves time and money.



# Let's Get Started

## Your Next Steps

### For Buyers

Book a free 203(k) consult with our lender partner and schedule a property assessment

### For Sellers

Request a fast, no-obligation cash offer – or ask us to match your home with a qualified 203(k) buyer

[Book Your Free Consult](#)