



Finance Aging-in-place Upgrades

By Elyse Umlauf-Garneau

When Ginger Bell's dad faced a health decline a few years ago, getting around the house in a wheelchair and doing daily tasks became a challenge for him.

Such a scenario is familiar to anyone with aging relatives.

Bell says her parents would've been ideal candidates for the Streamline FHA 203k Loan Program, which allows homeowners to refinance an existing mortgage and roll home improvement costs into a single loan. In other words, homeowners using the loan don't have to save up cash or hunt down separate financing for their renovation projects.

"It provides an alternative when couples want to stay together in a home but when there's declining health," comments Bell, an education specialist with Go2Training, Portland, Ore., and who teaches mortgage professionals about the FHA's 203(k) program.

The program features two types of 203k loans, and each lets homeowners accomplish different goals.

The Standard 203k (sometimes referred to as Full or Regular) is aimed at more comprehensive projects that require structural changes and additions, or, for example, at buying and fully overhauling a bank-owned property.

The FHA 203k Streamline (frequently referred to as the Streamlined K or Limited Repair Program) is intended for smaller jobs, such as aging-in-place projects, costing up to \$35,000 that doesn't entail structural modifications.

Unfortunately, Bell's dad faced additional health hurdles and wasn't able to use the loan to address any home upgrades.

That's one reason to perform aging-in-place projects *before* you're in a pinch.

Upgraded property, lower payments

So if you're looking to just make cosmetic upgrades or incorporate universal design elements in your primary residence, the FHA Streamline203K loan could make the difference between your being able to age at home and needing to hunt down alternate housing, such as assisted living.

Upgrades also have the potential to increase a property's value.

Bell offers this success story: "A Colorado couple used the 203K to refinance their existing home. They put in new windows and doors, upgraded their kitchen, and finished a room above the garage. *And* they decreased their monthly house payments," she recalls.

Is my project covered?

There's a tremendously long list of projects that can be financed with a Streamline 203k, including painting and new carpet or flooring, waterproofing basements, addressing deferred maintenance issues, and converting spare bedrooms into caretakers' quarters.

Here are just three types of projects that you can fund to prepare your house for easier aging.

1. Universal design. Widen doorways, lower countertops, make bathing facilities accessible, and install ramps.

2. Healthier, greener environment. Eliminate health and safety hazards, such as lead paint, asbestos and mold; swap carpeting for bamboo flooring; and replace inefficient kitchen gear with Energy Star appliances.

3. Energy efficiency. Replace windows, doors, perform weatherization projects, and upgrade HVAC systems both to make a house more comfortable and efficient and cut energy bills.

For a full list of eligible projects, see www.fhainfo.com/fha203k-streamline.htm.

Know yourself and your consultants

The loan isn't without stringent guidelines, however.

For one, repair costs with the Streamline 203k can't exceed \$35,000 (for projects over that amount, you can consider a Full 203k loan) and properties must be owner-occupied, meaning, for example, that such loans can't be used to renovate investment properties.

And since the loan process deviates a bit from what people are used to, it's important to understand the details and timeline and find experts, including loan officers, contractors, and other advisors, who are familiar with the loan.

Here are three considerations:

1. Smart lenders. Work with licensed loan originators who understand and can explain the wrinkles of 203k loans. Such experts will be able to assess whether you're a good candidate for and qualify for such a loan. They also can outline other financing options and help you decide what's best for your long- and short-term needs. To vet your loan expert and be sure he or she is properly licensed, see <http://nmlsconsumeraccess.org>.

2. Vet contractors. Call references and ask about contractors' experience both with the 203k program and with home remodeling. And, says Gary Smith, someone with a cost estimating

background is immensely helpful. Smith, a construction consultant in Ridgeland, Miss., has had a long career in the home industry and is a licensed professional home inspector, a remodeler, and a FHA 203K Consultant.

Sure, there are always change orders with construction jobs. But you don't want a \$6,000 project turning into a \$15,000 one because the contractors' estimates were a "little" off due to inexperience.

3. Know yourself. If you have limited patience and want your project done in a week, then maybe the 203k route isn't for you, suggests Smith. "It's not for everyone. There can be approval and construction delays and scheduling conflicts because there are quite a few players involved in the process."

Resources:

Here are some online spots to learn more about FHA 203k loans:

- <http://203kcontractors.com>
- <http://rehabloannetwork.com>

In Line for a Tax Refund? Spend It Wisely

The new iPad calls your name. The price of flat screen TVs have dipped. And you've had your eye on that fancy leather handbag for months.

But resist the urge to blow your tax refund on things that seem like must-haves today.

After all, tomorrow those shiny new goods are likely to deliver a dose of buyer's remorse, especially when you

realize that those dollars could've have brought some long-term benefits.

According to a Capital One survey, 33 percent of Americans plan to spend all or part of their refund and 17 percent plan to pay down debt. Only five 5 percent intend to invest their refunds.

Plan to be among those in the latter two groups.

Ask financial planners, tax gurus, or simple living experts and they'll tick off a host of ways to invest those dollars wisely.

Here are five.

1. Credit cards. Pay off high-interest debt, such as credit cards, especially if you're just paying the minimum amount per month. Need an incentive? Check out online calculators, such as www.bankrate.com/calculators/managing-debt/minimum-payment-calculator.aspx, to see the true cost of just making minimum payments.

2. Rainy days ahead. Sure, stashing away six months' worth of expenses seems daunting. Why not launch your emergency fund, or augment an existing one, with this year's tax refund?

3. Buy financial advice. If you're getting a plump refund check, it probably means that you could benefit from some tax advice and an adjustment in your withholdings. So why not use some of your refund to buy a couple hours with a financial planner who can examine your Registered Retirement Savings Plan (RRSP) or an Individual

Retirement Account (IRA), assess your overall financial picture, and give you some long-term financial strategies?

4. Mortgage. Make an extra principal payment on your mortgage. Calculate the effect that an extra payment can have at

www.bankrate.com/calculators/mortgages/mortgage-calculator.aspx.

5. Education. Invest the dollars in training, whether that's a crash course on social media or a professional development seminar, to enhance your career or your small business.

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