



Lender Notice

FHA 203(k) Limited Program Updates

October 22, 2024

Introduction

This Lender Notice provides important updates to our Purchase Rehabilitation Program (Home Flex and Home Flex Plus). NH Housing is aligning with the recent enhancements to the FHA 203(k) Limited Rehabilitation Mortgage Program, as outlined in [FHA Mortgagee Letter 2024-13](#), while also introducing other program changes.

Summary

NH Housing is aligning with the recent enhancements to the FHA 203(k) Limited Rehabilitation Mortgage Program, as detailed in [FHA Mortgagee Letter 2024-13](#).

Key changes include:

- An increase in the total rehabilitation cost limit for 203(k) Limited from \$35,000 to \$75,000.
- An extension of the maximum rehabilitation period from six to nine months.
- The ability to finance FHA consultant fees for 203(k) Limited loans.

In response to these changes and to mitigate risk while safeguarding borrowers, New Hampshire Housing has introduced new overlays and updated forms including enhanced contractor requirements and revised initial disbursement procedures:

1. **Experience Requirement:** Contractors must now have a minimum of three (3) years of relevant experience in their field.
2. **Contractor Due Diligence:** Contractors must be screened through the Better Business Bureau (BBB) and maintain a contractor accreditation status of "B" or higher. If the contractor is not listed on the BBB, an alternative method of verifying their reputation through an online search is required.
3. **Insurance Requirements:** Contractors must have a minimum of \$1 million in general liability coverage.
4. **Initial Contractor Disbursements:** Contractors may request a disbursement of no more than 35% at closing if they cannot defer payment until project completion, provided that the payment is for

materials incurred before construction begins and is supported by a statement from the contractor. This request must include a detailed breakdown of estimated costs for materials, permits (if applicable), and labor prior to the commencement of construction.

5. **Additional Contractor Disclosures:** We have added new disclosures for contractors, which include:
 - a. [Permit Certification](#)
 - b. [Contractor's Acknowledgement](#)

6. **Form/Document Updates:** We have updated and modernized our rehabilitation forms, now available in the [Forms](#) section of NHHomeownership.org website. Forms can also be accessed through the quick reference guides provided below:
 - a. [Rehab Factsheet](#)
 - b. [Rehabilitation Checklist](#)
 - c. [Selling Guide \(Section 4.6\)](#)

The Contractor Approval Worksheet has been incorporated into the [Rehabilitation Checklist](#).

Effective Date: November 4, 2024

For Purchase Rehabilitation Program (Home Flex and Home Flex Plus) reservations received on or after November 4, 2024.

If you have any questions, please email underwriters@nhhfa.org.

Sincerely,

Homeownership Team New Hampshire Housing
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GoNewHampshireHousing.com/Lenders

About New Hampshire Housing's Homeownership Division: As a self-supporting public corporation, New Hampshire Housing promotes, finances, and supports housing solutions for the people of New Hampshire. Our special mortgage programs have helped more than 55,000 families purchase their own homes. The Homeownership Division works with a network of lenders and real estate professionals to offer a variety of mortgage programs that enable homebuyers – especially first-time homebuyers – to purchase or refinance a home in New Hampshire. NHHomeownership.org

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