

## Can't Find the Perfect Home? Yes, You Can. Here's How.

One thing I have noticed over my career, with each decade that passes, buyers are less willing to purchase a home that needs work. In some scenarios they don't even want to deal with simple painting of a home. This causes a few issues when house hunting; competition and inventory.

There are limited new homes and limited existing homes that appear to be shiny and new. Buyers are now competing for the few "good" available properties, often getting caught in bidding wars or possibly settling for a home that isn't in the neighborhood they want.

If it is difficult to find what you want in a neighborhood, or you find yourself saying, "This house could be perfect if \_\_\_\_\_." You should be considering a renovation loan.



Stop looking for the perfect home and look for your ideal location. That tired house on the street you want to live on can become the perfect home with just a little imagination and the right mortgage. Your options for renovations: FHA 203k, the Fannie Mae Homestyle and there is also a VA Reno program.

What can you do with a renovation loan? Just about anything you can imagine other than tearing down a home and starting from new. It can be as simple as a new HVAC system, a new roof, or flooring. Or step it up a little to new kitchens and baths or even additions to increase the size of the home. (The VA doesn't allow for structural work just yet, but the K or the Homestyle certainly will.) As the Nation's #1 203k lender we see countless buyers obtaining renovation loans and building instant equity once the work is done.

How does it work? Simply think of acquisition costs. You are buying the home AND the renovation costs.  $\text{Purchase Price} + \text{Renovation Costs} = \text{Acquisition Cost}$ . That Acquisition Cost will be the basis for your down payment and your mortgage. For most projects you will need a general contractor — it is rare that any lender will allow the homeowner to do the work. The appraisal will be done as an after improved appraisal.



The buyer will close on the home as with any traditional financing but they will be able to pay the contractor for renovations from an account with left over money. In a short period of time, you will have a home to be proud of, one that is exactly as you want and in the location you had hoped for.

Obviously that is a simply stated scenario since every situation will be unique. The basics are all the same. What are you waiting for? Stop hunting (and overpaying) for the perfect home. You can buy any home and make it perfect for YOU and your family.

Robert Rauf is a licensed Mortgage Loan Originator, NMLS #248937, with Homebridge Financial & has been lending in NJ since 1987.

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