

**Date:** [Date]

**Loan Number:** [Loan Number]

**Borrower(s):** [Borrower Name(s)]

**Property Address:** [Property Address]

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# **CONDITIONAL APPROVAL LETTER: FHA 203(k) Limited Renovation Loan**

Dear [Borrower Name],

We are pleased to inform you that your application for an FHA 203(k) Limited Renovation Loan has been conditionally approved based on the initial credit and income documentation provided. This approval is subject to the following terms and conditions:

## **Loan Terms**

- **Base Loan Amount:** \$[Amount]
- **Renovation Escrow Amount:** \$[Amount]
- **Total Mortgage Amount:** \$[Amount]
- **Interest Rate:** [Rate]%
- **Loan Term:** [Months/Years]

## **Outstanding Conditions for Final Approval**

The following items must be submitted and verified by the underwriting department prior to the issuance of a final "Clear to Close":

### **1. Property and Renovation Documentation**

- Signed FHA 203(k) Borrower's Acknowledgement (Form HUD-92700-A).
- Final itemized bid from a licensed and insured General Contractor.
- Copy of Contractor's License and Proof of Liability Insurance.
- Completed W-9 form from the selected Contractor.
- FHA "As-Completed" Appraisal confirming the value after proposed repairs.

### **2. Financial and Credit Requirements**

- Updated pay stubs covering the most recent 30-day period.

- Most recent two months of bank statements for all accounts used for closing funds.
- Verification of Homeowners Insurance policy including "Builder's Risk" or renovation coverage.
- Satisfactory title commitment and survey.

### **3. Renovation Specifics**

- Total renovation costs (including contingency) must not exceed \$35,000.
- The project must not involve structural repairs or landscaping.
- Signed Homeowner/Contractor Agreement.

This conditional approval is not a commitment to lend. Final approval is subject to the satisfactory review of all requested documents and no material change in your financial condition or credit score.

Sincerely,

[Loan Officer Name]

[Company Name]

[Phone Number]

[NMLS Number]