



YOUR ANSWERS ON 203K LOANS AND CONSULTING

What is a 203k loan?

The FHA 203k loan program is FHA's primary program for the rehabilitation and repair of single family properties. It enables homebuyers to finance both the purchase price of a house and its rehabilitation costs through a single mortgage. This program also allows current homebuyers to finance the rehabilitation of their existing home.

203K Consulting:

As your 203k consultant, Kathy M Seaton will help assist you through the journey of your 203k home rehabilitation project. From step one with the initial consultation all the way to completion, Kathy will be there to answer all questions and lead you in the right direction. With over 14 years of experience and over three hundred 203k loans successfully completed, you can be assured that your loan will be provided with the highest level of expertise and care.

Commonly asked questions regarding 203k consulting:

What is the first step?

-First, please place an order using our 203k order form on our website under the "Resources" box.

***Note:** It is important for all information to be filled out to the best of your knowledge so that we can accurately process your request.

Once the order is placed, what is the next step?

Once we receive an order we will contact the buyer and their preferred contractor to set up an initial consultation. At the consultation, Kathy M Seaton will assess the property and its needs and address all mandatory FHA health and safety items. This is also a great time for the buyer and contractor to ask any questions.

Who needs to be there?

The buyer, the consultant, and the contractor

***Note:** The realtor may need to be there initially to allow access into the property

Why does the contractor need to be there?

It is a good idea for the contractor to be at the consultation for the following reasons:

- A.** If the contractor has never worked on a 203k loan before, Kathy M Seaton can help walk them through the process and answer any questions that they might have regarding the program
- B.** They will be able to more easily modify a current bid to meet FHA standards

How long with the consultation last?

The consultation can take anywhere from 1-3 hours, so please plan accordingly.

What is the fee for a consultation?

The fee for the consultation is set by HUD and is a sliding scale based on the \$ amount of home repairs needed. They are as follows:

- \$400 for repairs <(less) than \$7500
- \$500 for repairs < \$15,000
- \$600 for repairs < \$30,000
- \$700 for repairs < \$50,000
- \$800 for repairs < \$75,000
- \$900 for repairs < \$100,000
- \$1200 for repairs > \$100,000

***Note:** Please check with your loan officer for details.

What if I have a contractor that I want to work with that is not apart of your partners list?

A buyer can choose to work with their preferred contractor, but each contractor must be approved by the lender. Each lending institution has different requirements for approval, so please contact your loan officer for their list of contractor required documents. We have provided a general list of documents that most lenders require for approval on our website. If the contractor is not approved, a new contractor will need to be used for the project.

***Note:** This list is not exhaustive and your lender may require different documentation, so please contact your loan officer for details.

What is a draw?

A draw is a meeting where the buyer and contractor meet with Kathy M Seaton at the home under construction to evaluate the progress on the home.

Why do I have to have a draw?

Draws are mandatory per the requirements of the FHA 203k loan program. They must be completed every 30 days, no exceptions. This is how the contractor gets paid.

How many draws are needed?

The number of draws required is individual to each loan. Larger home renovations may require up to 5 draws and smaller ones may only require 1 or 2.

What are the fees for draws?

Our fee for a draw is \$195.

**If you have any further questions or inquiries please call us at
602-841-3166 or email us at fhaorder@inspectoraz.com**

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