

Advantage Home and Environment Inspections

203k Procedures

We are 203(k) consultants and are willing to help you in all aspects of this process. If you are coming to us first, that is not a problem. We will guide you to the lender that we feel can close your loan in the shortest possible time frame and pay your contractor in a timely manner to keep your project on target. Believe it or not, that is one of the most important aspects of the 203k loan program. Getting your contractor paid promptly.

1) Find a lender and get pre-qualified...

This is the logical first step as we need to ascertain the loan amount that you may qualify for or the maximum loan amount that keeps you at your comfort level. They may be two quite different numbers. We want you to feel comfortable that your payment is clearly within your budget.

In most cases the seller won't even accept your offer unless you have a "pre-qualification letter" so they know you have already talked with a lender and started gathering your financial information. The lender can only process the paperwork after you provide it to them.

Have you been putting off those needed repairs or improvements? You can use a 203(k) loan to refinance your existing home loan and get money to rehab, renovate, update, or add on to your home - all with the same loan.

2) Your realtor should show you several homes to choose from that need some degree of repairs. Not to worry, as all those repairs are completed as part of the loan and rehab process. The great thing is that you get to choose the carpet, paint, and configuration of the property you are buying. If your realtor tries to steer you away from a 203(k), please call our office. Why wouldn't you want to gain additional equity in a home you are buying? You put down 3.5% but may end up with 20-25% equity, and that is what the 203(k) loan program is all about.

3) Call us at (304) 768-5446 to set up an appointment for a 203(k) Consultation. We will meet the borrower(s) at the site; go over the contracts and agreements that they will need to sign at the close of escrow. They will be given copies to take home and read at their leisure, mark up and get any questions answered by the lender or our 203(k) consultants.

In addition, we will make an inspection of the premises at that time. We walk through with the borrower and determine what "must be repaired" per the HUD

Guidelines, then add the borrower's "wish list" of additional items specific to their needs and desires.

An inspection report will be created which is the "cornerstone" of a good 203(k) loan project.

You may choose to have a "home inspection" in addition to our property inspection. Our 203(k) consultants are home inspectors that can inspect your home and provide you a detailed and comprehensive report of the condition of the house.

4) After the property inspection has been made we will return to our office and create a "Job Specification & Bid Request". This is a list of the repair items that we intend to complete on your project. This "specification" is what will allow all of the contractors who bid this project to bid on the same list.

5) Once the "Job Specification and Bid Request" has been created a copy will be given to the lender and another copy to the buyer or owner who is refinancing the property. It is the buyer's responsibility to see that the bid specifications get out to several contractors for bid purposes.

An appraisal can be ordered once the bid specifications are complete as that tells them the "scope of work" they need to determine value.

6) When the bids come back, the borrower will choose the contractor. We are always available during this process to assist the borrower and offer a suggestion as to which bid is the most appropriate for this project.

Note: It isn't always the lowest bid, sometimes a bid comes in so low that it is clear they didn't understand the specifications or too low to actually complete the project.

7) The contractor is notified that the loan has closed so he/she can schedule the work to begin. Once the work begins, the contractor will require continuing inspections to get progress payments for the completed work. The contractor or the home owner can initiate this draw request. The lender will initiate one if you don't do it in a timely manner.

8) This procedure will repeat itself until the project is complete.