

The Role of the 203(k) Consultant

Questions and Answers

What is a 203 (k) loan?

- A mortgage loan that can be used to buy and fix up handyman specials or improve your existing house and have the repair cost built into the mortgage.
- The one loan covers the purchase and the repair.

What types of improvements are allowed?

- Required repairs or upgrades may be needed to meet the FHA minimum property standards.
- The borrower may choose to replace or upgrade certain "worn" items.
- The borrower may choose to install eligible items.

Why is a consultants needed?

- To complete the Work Write Up, the consultant will meet with the borrower at the subject property to complete a walk through inspection.
- The consultant will note all FHA minimum property standards and required repairs and will find out what additional repairs, renovations, upgrades, etc., the borrower may want.
- The consultant must also make sure the property meets the \$5,000 minimum required/eligible repair guidelines.

Who are 203 (k) consultants?

- The 203(k) consultant is someone who has been designated by FHA to act as a consultant to borrowers. To be designated, the consultant has met the experience requirements for HUD approval and has been trained in the Work Write Up and Specification of Repairs format of the 203(k) program.

What does the 203 (k) consultants do?

- The 203(k) consultant completes the Feasibility Study, Work Write Up, the required architectural exhibits and the Specification of Repairs.
- The quantity and the cost of each item must be shown, as well as a complete description of the work for each item on a room by room basis.