

**CJBanker.com**  
**Specialty Mortgage Lending Service for**  
**Renovation Rehab & Construction Needs**



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Instructor# 0211 00415 NMLS# 200014

## 203k Pathway to Success!

- **Obtain a 203k Prequalification.** The prequalification should address not only the Credit, but also the Repair of the property. The 203k Prequalification will address the total loan amount, including the full repair estimate.
- **Allow Sufficient Time for Closing when Writing the Purchase Offer.** It is best to plan for 45 – 60 days for a 203k closing. Remember, the Buyer, Contractor and FHA Consultant all have to be in written agreement (signed specs), before the appraisal can be ordered. The loan cannot be closed without the Specs and Resulting Appraisal.
- **A Property Profile can Establish the Mandatory and Recommended Repairs Before Submitting the Offer.** The up-front investment from the Buyer, for a Property Profile, (or feasibility study) is worth the investment during contract negotiations. The Property Profile can be used to show the seller the deficiencies of the property to gain an acceptable purchase price.
- **Buyers Should look at the Project in two ways:**
  1. Things they must do (Mandatory Repairs).
  2. Things they want to do (Recommended Repairs or Personal Upgrades).
    - a. ALWAYS remember, it is easier to remove work than to add work. Significant changes made after receipt of the appraisal, usually requires a new appraisal, at the buyer's expense.
    - b. Minimum Property Standards will be addressed, by the Consultant, but the final decision on "how" to complete the property (i.e. carpet color and grade) is up to the Buyer.
- **The Buyer Selects the Contractor.** Many problems can be avoided by NOT suggesting a contractor. The buyer makes the decision on the Contractor. Begin the Contractor selection process early. Ask friends and relatives for recommendations. The contractor should be licensed, insured, credit worthy and able to provide references.
- **The Scope of Work (Work Write Up) for the property.** The loan process is on hold until the Recap page (the last page of the Specs) have been signed by the Homebuyer, Consultant and Contractor. Signatures illustrate the project has been accepted by all parties, which includes scope of work and contractor pricing.
- **Order Well, Septic and Termite Reports Up Front.** Any deficiencies, in any inspection, can be added to the Specification of Repair and therefore funded in the loan amount.
- **Ordering of Appraisal.** The appraisal cannot be ordered until the Specs have been signed and accepted by the Homebuyer, Consultant and Contractor. Encourage the buyer to complete the specs as quickly as possible, to avoid confusion and delays to settlement. Delay of this step is what usually causes problems for a timely settlement.

NFM, Inc.® is an FHA-Approved Non-Supervised Lender Mortgagee (19951-0018-0 and 19951-0000-7) and is licensed as Virginia Mortgage Lender and Broker licensed by the Virginia State Corporation Commission (MC-2357) under the trade name Fidelity Mortgage Corporation. NFM, Inc.'s Nationwide Mortgage Licensing System (NMLS) Company Identifier Number is 2893. NFM, Inc.® is not affiliated with, or an agent or division of, a governmental agency or a depository institution. In transactions in which we act as a broker, we can arrange a loan with a third-party lender, but we cannot make, fund, or approve mortgage loans or guarantee rates. Not all programs are available in all areas. Offers may vary and are subject to change at any time without notice.



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- **Take Great Care as you Handle the Finance AND Repair Issues.** All FHA Credit requirements exist with a 203k loan. NO SHORTCUTS!! Additionally, all repairs, upgrades and personal requirements, will need to be addressed clearly in the Specs. Complete disclosure of financial, credit and construction documents allow the lender to give accurate, fast and complete service. The Consultant and Contractor will address the property issues, thus helping obtain the appraisal quickly and easily.
- **Listen Carefully, and follow the Lenders Checklist for Property Requirements.** Directions from your Loan Officer and Lending Team, are the only directions you should follow. Directions from others will slow down the completion and closing of your loan. Please turn in requested paperwork promptly. Remember 5 Star Service from the Lender requires a 5 Star Response from the Buyer, Agent, Contractor and Consultant.
- **EVERYTHING (regarding the property) is subject to the Appraisal.** Because it is a future value appraisal (meaning what it will be worth after the work is complete). The Specification of Repairs must be agreed to by all parties before the Appraisal can be ordered. The signatures on the package are evidence that all parties have agreed to the repairs, upgrades and scope of work to be done to the property. When this “completed and signed” package (Specification of Repairs) is given to the appraiser, the appraiser can see exactly what the property is going to be, and an accurate appraisal can be provided.

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