



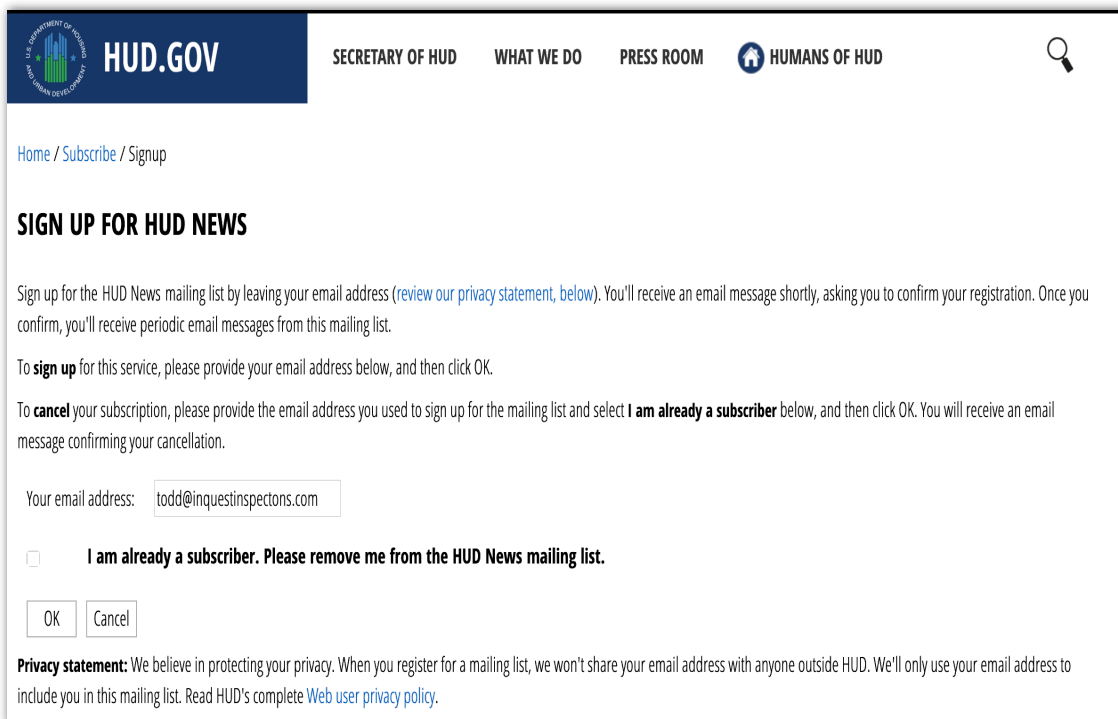
203(k) Loans Made Easy

A Lender's Guide To Selecting A Professional Consultant

Todd Willis / HUD 203k Consultant (D1147)

Get Started On The Right Track

A great place to start is by subscribing to HUD's email list. HUD sends out news related to topics that affect lenders and borrowers. All 203(k) consultants should be on that list. Things are always changing and a professional consultant will want to be on top of those changes as soon as they are announced. Ask the consultant if they subscribe to [HUD NEWS](#). You can subscribe by [clicking on the image below](#).



The screenshot shows the HUD.GOV website's 'SIGN UP FOR HUD NEWS' page. The header includes the HUD.GOV logo, navigation links for 'SECRETARY OF HUD', 'WHAT WE DO', 'PRESS ROOM', and 'HUMANS OF HUD', and a search icon. The main heading is 'SIGN UP FOR HUD NEWS'. Below it, text explains that users will receive periodic email messages and provides instructions for signing up or canceling. A form field for 'Your email address:' contains 'todd@inquestinspections.com'. There is a checkbox for 'I am already a subscriber. Please remove me from the HUD News mailing list.' and 'OK' and 'Cancel' buttons. A 'Privacy statement' link is at the bottom.

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Did You Know ?

Another good source of information might be the consultant's website. Many 203(k) consultants don't have a website and those that do may not have updated it in years. [Find a consultant](#) who has a website that offers Lenders and Borrowers the opportunity to connect with the consultant in a portal designed specific to their needs.

Partner With A Professional Who Is Like You



[Click On Image To Enter The Inquest Inspections Lender Portal](#)

The loan consultant plays a vital role in the 203(k) loan. The consultant should be professional and considered able to help you plan your strategies and oversee the project to make sure everything keeps moving from feasibility study to settlement. You want a consultant who is an extension of you and who mirrors the same online presence expected by everyone seeking out a lender.

A consultant who is simply on the [HUD 203\(k\) Roster](#) is no longer enough. Unfortunately many of the consultants listed on the HUD 203(k) roster may no longer be active, not participating or in some cases not even alive.

Member organizations like [NAFHAC](#) (National Association of FHA Consultants) is a great source to determine if the consultant you are considering assigning to the project is serious enough to be a member of a paid organization.

A professional consultant will have a website that is modern and dynamic. The website should show examples such as: home inspection reports, [sample Feasibility Studies](#), [sample contractor bids](#), customer reviews and hopefully a portal to submit information to begin the 203(k) consulting process.

The FHA 203(k) Consultant's Role

The loan consultant has many roles in the [HUD 203\(k\) loan process](#).

It is up to the lender on how much freedom is allowed. The consultant's fees will obviously differ depending on what functions he performs, but the most common ways a consultant performs his job includes:

- Inspection of the home before the borrower signs a contract to determine what work would be required to pass Minimum Property Standards
- Inspection of the home looking for recommended renovations that would create a more inviting living environment
- Preparation of the paperwork to submit to the lender to determine if the project is feasible under the loan amount available to borrow
- Negotiates costs with the contractor at the request of the borrower
- Oversees the work write-up to ensure it meets the requirements of the lender as well as protects the borrower's interests
- Reviews and/or creates architectural plans required for the renovations
- Reviews contractor bids to determine if the cost of the renovation is within normal ranges for the area where the property is located
- Proposes a fair contingency reserve amount to ensure that the lender is covered in the event of an emergency or unforeseen costs
- Creates an inspection schedule to ensure the planned renovation is being completed on time

Capabilities Separate Leaders from The Pack

In order to make the process more simple for your clients, the consultant should have readily accessible FHA 203(k) project sample documents required to complete an FHA 203(k) renovation project.



If the consultant you're considering hasn't made the effort to display information to answer your client's questions or maybe even yours, then it might be a clear indication that the consultant possesses limited capabilities. Choose wisely!



10 Resource Documents Every 203(k) Consultant Should Display On His/Her Website

1. [Minimum Property Standards Checklist \(Initial Inspection\)](#)
2. [Consultant Agreement](#)
3. [For Your Protection Get a Home Inspection \(HUD Notice\)](#)
4. [Feasibility Study/Analysis Worksheet Sample](#)
5. [Preliminary Work Write Up \(Mandatory – Recommended – Desired\) & Non-Home Inspection Disclosure Sample](#)
6. [Architectural Exhibit\(s\) Sample](#)
7. [Animated Interior Design Exhibit\(s\) Sample](#)
8. [Contractor Bid Package Sample](#)
9. [Final Draw Letter Sample](#)
10. [Lender Requirements and Documents for Contractors](#)

Playing Well With Others

Rarely will anyone be as successful by themselves as they will with the assistance of others. The HUD 203(k) Consultant you choose should be able to demonstrate they are capable of working on a team. Who's in their network? Ask the consultant for references and then call or email the references. You can learn a lot by what others say.

Knowing how to submit properly completed documents is a small part of the process. The consultant you choose should be able to "play well with others" and that includes "You".



Consulting Services Fees Clients Can Easily Access

As a lender you already have enough on you plate to consume. The last thing you want to do is spend your time explaining to your borrower all the fees a 203(k) consultant is allowed to charge. Choose a consultant who openly displays all the fees on their website so your time can be better spent elsewhere.

— Todd Willis

[Click Here for Allowable Fees for 203\(k\) Renovation Consulting \(Page 3\)](#)

Repairs	Up to	\$7,500	\$450.00
Repairs	Between	\$7,501 & \$15,000	\$550.00
Repairs	Between	\$15,001 & \$30,000	\$650.00
Repairs	Between	\$30,001 & \$45,000	\$750.00
Repairs	Between	\$45,001 & \$60,000	\$800.00
Repairs	Between	\$60,001 & \$75,000	\$850.00
Repairs	Between	\$75,001 & \$100,000	\$950.00
Repairs	Between	\$100,001 & \$125,000	\$1,000.00
Repairs	Between	\$125,001 & \$140,000	\$1,250.00
Repairs	Between	\$140,001 & Above	\$1,400.00

Draw Inspection Fees Per Dwelling Type

Single Family	\$200.00	Duplex	\$250.00
Triplex	\$300.00	Four-Plex	\$350.00

Feasibility Studies/Analysis (One-Time Fee)

Feasibility Study/Analysis	\$100.00
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Good Lender Practices

The use of a consultant is not required on 203(k) Limited Loans; however, the borrower should consider using this service in order to expedite the processing of the 203(k) loan.

Consultant Disclosure

The consultant must enter into a written agreement with the borrower that completely explains what **services** the consultant will perform for the borrower **and the fees charged.**

Mileage Fees

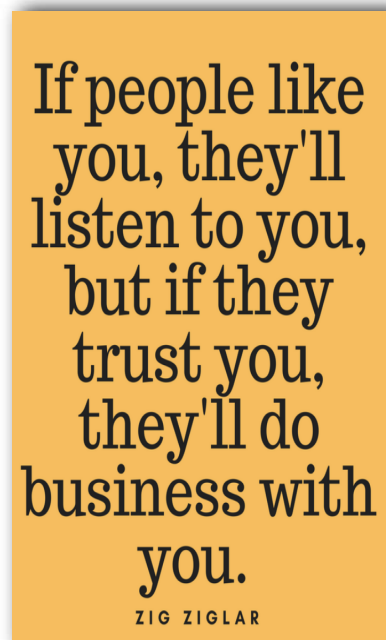
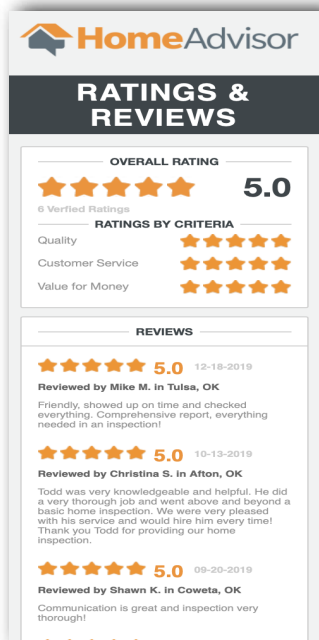
Consultants may charge mileage fees of \$0.58/mile and add to initial inspections and all draw inspections.

Payment of Fees

The fees charged by the consultant can be included in the mortgage or may be required at the time the work write-up is delivered.

What's In It For Me?

The greatest gift anyone can give to someone else is "peace of mind." The 203(k) consultant with the greatest ability to effectively communicate the multitude of details to a borrower and deliver on a project from start to finish will bring the greatest value to the lender. Yes, there will be challenges with contractors and yes, there will be unforeseen problems however, a professional consultant will manage through the issues and stay focused on the successful completion of the project.



In conclusion. None of us are in the service business. We are in the people business. It is the talents and abilities of the people with whom we are surrounded that bring the greatest influence in our lives. With that said, it is vitally important we choose to surround ourselves with those who can help us become better. We must choose wisely because sometimes we only get one shot. Best wishes to you in your journey!

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Thank you for taking the time to read this e-book. Todd Willis is available for "Lunch & Learns" and staff training. Feel free to forward this e-book to clients and colleagues. You can reach Todd Willis via email at todd@inquestinspections.com or by clicking the link button below to visit the company website.

[**Contact Todd Willis**](#)

About The Author



"Protection Begins with Inspection"

Todd Willis is a licensed home inspector in Oklahoma (License # 70002101) and the founder of Inquest Inspections, LLC. He is also listed on HUD's 203(k) Consultant roster (D1147).

He is a proud member of InterNachi (International Association of Home Inspectors), NAFHAC (National Association of FHA Consultants) and an affiliate member of GTAR (Greater Tulsa Area of Realtors).

His grew up in Altus, OK where he earned an Associates Degree at Western Oklahoma State College in 1992. He currently resides in Owasso, OK and is the father of a two grown children and three adorable grand daughters.

He is passionate about his role in helping people achieve their dream of home ownership and takes great pride in his work.

