



# **Property Engineers LLC**

## **Recommended FHA 203(K) Flow Chart (Purchase)**

- Purchaser interviews and selects a consultant. Preferably a consultant that also performs Pre Purchase Inspections.
- Purchaser discusses the program with the consultant so purchaser is thoroughly familiar with the program prior to submitting an offer.
- Purchaser selects a lender that has experience with the program. Purchaser should verify with the lender the maximum mortgage that could be obtained and or a loan the purchaser is comfortable with the payments.
- Purchaser selects a real estate agent that has experience with the program.
- Purchaser selects a contractor.
- Property is selected. It is recommended that the agent performs a Broker Price Opinion (BPO) based on the renovated condition of the property. This will give the purchaser a preliminary budget (Repaired Appraised Value – Purchase Price = Total Budget (Total Budget = Construction Cost + Contingency (10-15%) + Fees).
- Purchaser places an offer on a property with the purchase agreement stating FHA 203(K) terms.
- If offer is accepted an appointment is scheduled with the consultant/inspector to perform the Pre Purchase Inspection/Initial 203K Consultation. At the time of the Pre Purchase Inspection, the program is discussed with the purchaser. The purchaser's contractor should consider attending the inspection. The program does



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not require a Pre Purchase Inspection, but it is strongly recommended.

## Streamlined:

- -Retain consultant to draft a Feasibility Study
- -Retain consultant on an hourly basis.
- -Proceed without the assistance of a consultant. –Not Recommended.

## Full (Non Streamlined)

- -Retain consultant to draft a Specification of Repairs and to coordinate all building related paperwork.
- -Consultant will review contractor's bid for compliance.
- The Specification of Repairs is submitted to the appraiser to complete the appraisal report based on repairs.
- The Specification of Repairs and related documents, contractor's proposal and the appraisal is submitted to underwriting for review.
- Should any question arise from the underwriter the consultant will attempt to resolve.
- Upon underwriting approval a closing is scheduled.
- After closing the construction starts.
- Consultant will be utilized to approve draw requests.
- Upon final draw request the appraiser approves and verifies that all work was completed as per specifications.



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