



203k Consultation Flow of activities

I PRE-SETTLEMENT (CLOSE OF ESCROW) ACTIVITIES

1. Client requests a consultation/feasibility study (or their agent or lender)
 - a. Find out who the lender is and obtain a completed **consultation request form**
 - i. Customize it to add lines for email address information
 - ii. Pay attention to the settlement and consultation request dates
 - b. Does client already have a contractor?
 - i. If YES:
 1. Get the name and contact information for the contractor.
 2. Has the contractor prepared a written estimate?
 3. Can the contractor attend the consultation appointment?
 - ii. If NO:
 1. How did the client identify the amount and scope of work to be done?
 2. Would the client like you to recommend and invite contractors to the consultation appointment? (Get them to sign the **Introduction to Contractor release form**)
 - c. Complete a Consultation Checklist Form (sample available on Dropbox)
 - d. Set the date (making sure all parties can agree to the time and date)
 - i. Are the utilities on at this time? If not, can they be turned on?
 1. If no utilities, let client understand the cost ramifications (the increase in contingency)
 2. Client/Agent/Seller may prefer to postpone your appointment (if so, let the lender know)
 - ii. Enter details into **ISN**-
 1. **Send an email explaining the process, the fees required and confirming the date to all parties**
 2. **Make a reminder call the day before the appointment to all parties (and schedule thru ISN to send a reminder text/email to all parties)**
2. Consultation/Feasibility Study Appointment
 - a. What to bring:
 - i. Flashlight (of course)
 - ii. Tape measure (laser and manual)
 - iii. Screwdrivers
 - iv. Digital camera
 - v. Other inspection tools (outlet tester, moisture meter, etc.)
 - vi. Feasibility Study paperwork: **forms** for client to sign (2 part paper) in one binder, your note sheets in a separate 3-hole binder or clip board

Item listed in **BLUE** are forms created using the Genesis Rehab Reporter Software

Item in **bold** are forms available through the 203k In A Box Power Team



203k Consultation Flow of activities

1. Allowable Fee Agreement
 2. Limitation of Liability
 3. Consultant Fee Schedule
 4. Notice to Contractor/Introduction to Contractor Release
- vii. Ladder (you may need to check the roof or go in attics or down basements)
- b. What to do
- i. Evaluate the property in much the same way as you would on a home inspection
 - ii. Take a lot of pictures and measurements
 - iii. Focus on identifying **Minimum Property Standards (MPS)** deficiencies (refer to MPS Checklist)
 - iv. Discuss with borrower their desired improvements/upgrades
 - v. Make recommendations on improvements/upgrades that would benefit the borrower and property
 - vi. Give them an understanding of the timeline and upcoming activities
- c. Feasibility Report Creation/Delivery
- i. Turnaround time usually 3 business days (may be longer depending on issues observed) -send post Feasibility Inspection email thru **ISN**.
 - ii. Using the 203k Rehab Reporter create a single .pdf file that contains the following:
 1. Feasibility Cover Page
 2. Minimum Property Standards Checklist
 3. Detailed Feasibility Report (w/cost estimates)
 4. Detailed Breakdown Reports (Mandatory, Recommended, Desired, Summary)
 5. Photo Album
 - iii. Email report to all parties using **ISN (borrower, loan officer, real estate agent –if applicable)**
 1. In your email message advise client that they need to contact YOU if they intend to proceed to the next step
 2. Suggest you can arrange a contractor introduction/bid meeting (for an extra fee) to expedite the process
 3. Advise the borrower they need to send you back the **Repair Level Breakdown forms** and indicate items they want to delete from the project so you can create update contractor bid forms

3. Contractor Selection/Bidding

Item listed in **BLUE** are forms created using the Genesis Rehab Reporter Software

Item in **bold** are forms available through the 203k In A Box Power Team



203k Consultation Flow of activities

- a. At this point, if the borrower has chosen to “go it alone” you are in a holding mode- don’t pester them, but do email or call them at least once each week (cc the loan officer and agent to show your concern/interest)
 - i. If the client is choosing or has already chosen a contractor you need to send the Blank **Contractor Bid on Repairs** to them so they fill it out correctly
 - b. If you are involved with the contractor selection process you will need to get the update **Repair Level Reports** to know what items are being deleted from the project going forward.
 - i. Update the feasibility report at the time and create a **Contractor Bid on Repairs** that reflects the correct items to be bid by the contractors
 - ii. Set up a contractor bid meeting
 1. Invite contractors and send them the updated Bid on Repairs form for them to bring to the meeting
 2. Let all parties know both the date of the appointment and the anticipated due date for bids to be returned
 3. At this meeting, you will go over all items on the bid and with the borrower present, get and give feedback to the contractors
 - iii. Obtain bids from contractors
 - iv. Review with the borrower- select contractor to be used.
 - c. Using the completed Contractor Bid on Repairs Form, update the information in the 203k Rehab Reporter and create the completed **Work Write Up Package**.
 - i. When the client gives you written acceptance of the contractor’s bid, get their credit card information to process the final payment based on the repair amount of the contractor’s bid.
 - ii. Compile the package into a single .pdf file and email to all parties
4. Wait for closing
- a. Keep in touch with the loan officer and borrower as to the date of settlement/close of escrow using automatic emails from **ISN**.
 - b. Enter closing date information into **ISN**.
 - c. Notify the contractor as soon as you are informed that settlement has taken place that work should begin no later than 7 days from the settlement date.

Item listed in **BLUE** are forms created using the Genesis Rehab Reporter Software

Item in **bold** are forms available through the 203k In A Box Power Team



203k Consultation Flow of activities

II POST-SETTLEMENT ACTIVITIES

1. Contractor begins work
 - a. Obtains all permits before first draw
 - b. Will not be able to receive funds for materials only- work must be completed
 - c. Discuss special order issues prior to first draw (cabinetry, other customer purchased items and how to complete the purchase)
 - d. Set up your “tickler file” or calendar the expected draw inspection dates (every 30 days from settlement) by creating new Draw Request order in **ISN**.
 - i. **Send email with instructions for using Genesis to borrower/contractor and reminder emails.**
2. Draw Inspections
 - a. Ask borrower to bring any paperwork received from the lender following settlement (you need to get the loan number, contact person’s name and email/fax information for submitting draws)
 - b. Take completed **draw request form**, **lien waiver** and blank **change order** to all draw appointments
 - c. Things to bring to draw inspections
 - i. Camera- you will need to take pictures of everything to be paid out (details matter- if the door cost includes a door knob – photograph the door knob)
 - ii. Tools necessary to evaluate the items completed (if roofing work done- may need to bring your ladder, etc.)
 - d. Borrower and Contractor should always be present
 - i. If there is more than one borrower, the absent borrower needs to pre-sign the page 2 of the **draw request form** and the bottom of any **change orders** before the appointment
 - e. Complete evaluation – making note of any issues, deficiencies and alterations on Page 2 (bottom) of draw request form.
 - i. If everything is as it should be the simple statement “All repairs completed as requested” is all you need on the form.
 - ii. Get the contractor to complete the bottom of the **Lien Waiver and Release Form**.
 1. You fill in the top portion showing the 10% holdback.
 - iii. NOTE: Some lenders require you use THEIR SUPPLIED Lien Waiver- it would have be mailed to the borrower shortly after settlement.
 - iv. Some lenders even require the Lien Waiver be notarized by the contractor- find out before the draw appointment.

Item listed in **BLUE** are forms created using the 203k Rehab Reporter Software

Item in **bold** are forms available through the 203k In A Box Power Team



203k Consultation Flow of activities

- v. Using **ISN** email draw paperwork to lender (cc:all parties)
 - 1. Most lenders want the actual .jpg pictures emailed to them
 - 2. First draw must include all permits
 - 3. Always use a **Draw Request Fax Cover Page** or detailed email listing the items you are sending to the disbursement officer
 - a. Cc the borrower and contractor so they are aware that you DID submit it to the lender
 - 4. Advise the borrower/contractor first draw disbursements usually take 3-4 days longer to be disbursed than the interim draws
 - a. Borrower should advise you if the check does not arrive within 7 -10 days for first draw, 3-5 days for interim draws.
 - f. Changes/ Change Orders
 - i. Contractor and borrower need to get prior approval from you and in some cases the lender before starting change order repairs
 - ii. Contractor needs to submit a change order invoice on his/her letterhead explaining work to be done, why and how much will be the cost
 - 1. Borrower should sign this form before you receive it
 - 2. Desired upgrades/improvements should not be authorized before at least 70% of required line item work has been completed
 - 3. Lenders usually do not pay changes until the last draw disbursement
 - 4. Cost savings (credit memo) change orders will not change the Draw Request category – you must keep track of this
 - iii. A separate Lien Waiver will be required for the change order reports
- ### 3. Final Draw Inspection
- a. This is almost a “full inspection”
 - b. All borrowers and the contractor should attend
 - c. All certification of satisfactory condition and any final township inspection reports should be forwarded to your office **BEFORE** you schedule this appointment
 - d. All change order invoices from the contractor should be forwarded to you **BEFORE** this appointment.
 - i. Note: any un-used funds from repair categories and/ or contingency will be returned against the principal balance
 - ii. Borrowers can be reimbursed for out of pocket expenses (reasonable and customary- paint, lighting fixtures, plumbing fixtures, etc.) from contingency balance if they so desire
 - e. Final paperwork needed at final draw inspection:
 - i. **Draw Request From**

Item listed in **BLUE** are forms created using the 203k Rehab Reporter Software

Item in **bold** are forms available through the 203k In A Box Power Team



203k Consultation Flow of activities

- ii. Lien Waiver and Release/s
 - iii. Change Order/s
 - iv. Final Needs Draw Letter
 - v. Borrower Notice of Completion
 - f. Items that must be included in your final draw transmission to the lender in addition to above forms signed by borrower/contractor:
 - i. All Permits (yes, you sent them with the first draw but you need to send again)
 - ii. Final photos
 - iii. **Certification of satisfactory condition** for all mechanical systems components
 - g. Set up special inspection order type "Final Draw Inspection" in **ISN**.
 - h. Check should arrive to borrower/contractor in same 3-5 day timeframe as other interim checks.
 - i. Change order payments may be added to final draw amount or may be disbursed in a separate check
 - ii. Hold backs will be taken from the disbursement
4. Finalization of Project
- a. The hold back check usually does not arrive for 3-5 weeks from the date of the final disbursement check.
 - b. Advise borrower and contractor to inform you when the check has arrived and if it has not arrived within 30 days
 - c. Follow up with borrower 3 months following completion and again at 9 months to check that renovations are still satisfactory
 - d. Advise the contractor he/she is responsible for 1 full year from date of final inspection for all work/materials and labor completed on the project.

Item listed in **BLUE** are forms created using the 203k Rehab Reporter Software

Item in **bold** are forms available through the 203k In A Box Power Team