CRAFTSMEN'S CONSULTANTS

REHAB CONSULTING & HOME INSPECTIONS

NAFHAC

National Association of FHA Consultants

Rehab Loans: Creating Your American Dream Home

Compliments of your local consultants:

John Coté

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What's a renovation loan?

A renovation loan can help you customize a home the way you want it — everything from basic repairs to room additions and more — all without the use of your upfront cash or incurring debt on your credit cards.

You can also use a renovation loan to buy a home that's below market value because of its condition. You can close on a home you can afford, customize it to make it your own, and possibly end up with instant equity, tappinginto a market that's typically dominated by cash investors.

There are a number of BENEFITS!

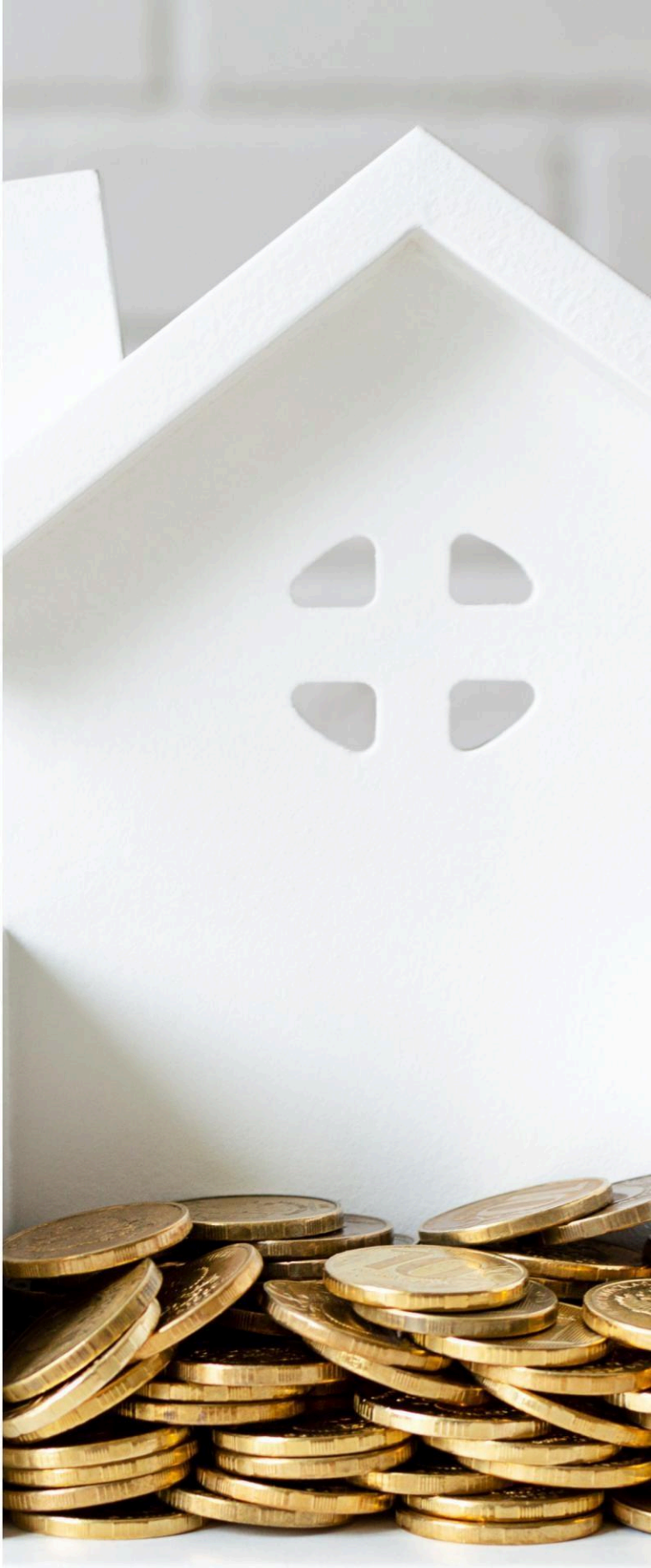
- You'll have peace of mind knowing the renovations are done the way you want by the contractor of your choice.

- There's no need to worry about post-closing costs like inspections, permit fees, architectural or engineering drawings,and the supplemental origination fee. These fees can be financed into your renovation escrow account.

- You'll have the security of a contingency reserve. We know once you start your project, you may uncover additional health or safety repairs that need to be done. We'll build in an additional 10 to 20% of your bid cost as a contingency reserve to use as a safety net.

- Create rental income from a multi-family home. Purchase, rehab and rent out all but the unit you will live in- up to a four-family dwelling.

- You can finance up to 6 months of mortgage payments into the loan if it's not possible to live in the home during renovations. That way, you can avoid paying your mortgage and your rent at a temporary residence at the same time.



Renovation financing isn't just for houses that need a total rehab or for first-time buyers

You can use your loan for basic maintenance or major repairs throughout your home.

Rehab loans are a perfect solution for all types of homeowners. It is a great way for those who already own their home to enjoy the full potential of their property and even expand on its value.

With the support of a *NAFHAC* Member consultant, you will have the information and guidance for any type of rehab you env1s1on.

From a safety required small electrical job to a large addition the home , your *NAFHAC* consultant can help you set your goals, identify and coordinate with contractors and even introduce you to a lender to provide the financing for your renovation project.

There are a variety of loan products that you can use to repair, replace, or renovate any or all of your property components. These include the FHA 203(k), VA Rehab Loan, USDA, Fannie Mae HomeStyle, or Freddie Mac CHOICERenovation loan.

Utilities

- Heating
- Plumbing
- Electrical
- HVAC
- Septic
- Sewer hookup

Health & safety

- Chipping/peeling paint
- Pest treatment
- Structural repairs/supports
- Mold remediation

Interior

- Walls
- Ceiling
- Floors
- Layout
- Bathroom
- Kitchen
- Appliances

Exterior

- Siding
- Painting
- Gutters
- Roofing
- Windows
- Trim
- Doors
- Garage
- Addition
- Dormer
- Landscaping
- Driveway
- Grading
- Fences
- Deck
- Tree removal

Where does the NAFHAC Consultant come it?

Your *NAFHAC* consultant is a professional who specializes in providing guidance, advice, and expertise to individuals seeking to renovate or remodel a property. This role can encompass various types of properties but primarily guides buyers and owners of residential real estate projects.

A *NAFHAC* Consultant is particularly beneficial for those who might not have experience in construction or renovations. They provide valuable guidance to ensure that the renovation project is successful, on time, and within budget.

- **Project Planning**
- **Budgeting**
- **Contractor Selection**
- **Project Oversight**
- **Quality Control**
- **Problem Solving**

Your renovation loan process can be fast and easy with the NAFHAC 6-step process

1 - Pre-approval/Mortgage Application

Contact a 203k Lender and get pre-approved. Your NAFHAC consultant can assist you in finding a lender in your area that they've worked with to ensure that you'll get the best service. Getting pre-approved before looking at properties puts you at an advantage over the other home shoppers.

2 - Property Selection/Getting Under Contract

Hire a real estate professional to assist in finding a suitable property. Always choose one that understands 203k.(If you're refinancing an existing loan with a rehab mortgage, a real estate professional is not needed). Get the home under contract with the seller being made aware that you are using a rehab loan.

3 - Work With Your NAFHAC Consultant

Set an appointment with us as your NAFHAC Consultants. They will meet with you, your contractor, and other involved parties at the property to create the required "Job Specifications and Contractor Bid Forms". They will make sure all mandatory, recommended, and desired repairs and improvements are addressed.

4 - Contractor Selection/Loan Closing

With the help of your NAFHAC consultant, you will have a detailed project that you will present to the contractor/s who you choose to complete the renovation. The consultant will create the forms that will report the cost and project to the lender and appraiser for underwriting and loan closing.

5 - Renovation Starts

Once the loan has closed, your NAFHAC consultant will notify the contractor to begin the renovations as detailed in the "Job Specifications". Your NAFHAC consultant will stay in contact with you and your contractor throughout the entire construction period.

6- Phase Inspections/Troubleshooting

At reasonable intervals (usually no longer than 30 days), your NAFHAC consultant will do an inspection of the work completed by the contractor for quality control and provide the reporting needed to request payments to the contractor. During these inspections, your NAFHAC consultant will assist should unexpected changes need to be made to the planned rehab work.

Contingency Reserve Usage: . Your ***NAFHAC*** consultant helps protects your investment and the success of the project by monitoring any planned changes that the contractor may request that would require the use of the contingency reserve. No contingency funds can be paid to the contractor without full documentation and agreement by your ***NAFHAC*** consultant and the mortgage lender.

RENOVATION PROCESS

DO

- **Do get your mortgage pre-approval first.**
- **Do select the *NAFHAC* renovation consultant you want to work with as early as possible**. This way you will be starting your project off to the best start.
- **Do communicate openly.** Clearly communicate your renovation goals, preferences, and budget to your ***NAFHAC*** consultant. The more they know about your vision, the better they can tailor the plan to your needs.
- **Do introduce all contractors you plan to work with to your *NAFHAC* consultant as soon as possible**. Help eliminate misunderstandings and possible delays by letting your contractor get all the facts as soon as possible.
- **Do follow your *NAFHAC* consultants' recommendations.** ***NAFHAC*** consultants are experienced in navigating the renovation loan process. Trust their recommendations on contractors, project scope, and budgeting.

DON'T

- **Don't keep your dreams to yourself**. Let your ***NAFHAC*** consultant know everything your "dream home" includes.
- **Don't skip the initial consultation and all meetings with your *NAFHAC* consultant.** Skipping the initial consultation with your consultant might result in misunderstandings later on. Take the time to discuss your needs and expectations.
- **Don't micromanage.** While it is important to be involved, trust your ***NAFHAC*** consultant's expertise and ability to help you achieve your goals
- **Don't Change Plans Midway**: Changing plans midway through the renovation can lead to delays and increased costs. Stick to the agreed-upon scope of work unless necessary.

The biggest purchase of your life gets even bigger when you made the decision to use a renovation loan. The added components and steps involved with this type of loan demands the expertise and skills only available when you choose a ***NAFHAC*** consultant. The training, experience and support provided to our members ensures an easy, trouble-free transaction. The sole focus of our members is to help you achieve your homeownership goals with unbiased, objective, and sound support and assistance.

Who We Are

The National Association of FHA Consultants (NAFHAC) provides support, education, and resources to consultants and professionals who work with all types of renovation loans, particularly the FHA 203k loan program for property renovations. Our consultants include individuals who assist borrowers and real estate professionals in navigating the complexities of many different loans, especially those related to property rehabilitation and renovation.

- Founded in 2010 by President and Executive Director Catherine Hall
- Headquartered in Pennsylvania, ***NAFHAC*** has members in most of the 50 United States
- Creator and provider of the Genesis Rehab Reporting Online Renovation Project Management System- the most effective and streamlined system for rehab project documentation and management.

Ready to get started?

Call or email today and we will help you with your home rehab plans.
(469) 847-9800

Notes:

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If you have any questions or concerns about this legal disclaimer, please contact us at support@nafhac.org/855-462-3422. Last updated: 11/09/2024

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Rebuilding Neighborhoods... One Home at a Time

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