

# FROM 'AS-IS' TO 'ALL YOURS' The Power of Rehab Loans

*A Guide for Buyers, Agents,  
Lenders, and Consultants*



CATHERINE HALL

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'AS IS'  
TO  
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**By**

**CATHERINE HALL**

*Until I am able  
to support you in  
the future...*

Be OUTSTANDING

— *Catherine Hall*

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# Introduction

**L**et's be real — buying a house in today's market can feel impossible. The price tags on those shiny, move-in-ready homes? Way out of reach for so many hardworking, middle-class families. But here's the thing: you don't need a picture-perfect home on day one. You need a house with potential — and the right loan to help you unlock it. That's where rehab loans come in.

I've been doing this work a long time. I've watched buyers walk away from houses that could have been absolute gems, just because they needed a little love (or a lot of love). And I've watched people thrive because they had the right consultant and the right financing to make it happen. That's why I'm starting this book by making sure you understand the rehab loan landscape — in plain language, without the jargon.

We'll talk about the FHA 203k (my personal favorite — and you'll see why), the Fannie Mae HomeStyle (conventional), and the VA Renovation option. We'll also talk about Energy Efficient Mortgages and how they stack with rehab loans to save monthly cash flow. But

here's my promise: this isn't a textbook. It's a conversation. I'll tell you what works, what to avoid, and how the most successful borrowers — and their agents, lenders, and contractors — move together as a team.

One more truth up front: success isn't just about picking the right product. It's about picking the right people. Throughout this book you'll see me point to NAFHAC — the National Association of FHA Consultants — because it's where professionals get trained on what really happens in the field, and it's where homeowners can find vetted consultants. If you're a pro, you should be a member. If you're a buyer or homeowner, insist your consultant is a member. It really is that simple.

A non-negotiable rule that applies to every rehab loan you'll read about here: no repairs happen before closing. Sellers don't do them. Buyers don't do them. Everything starts after settlement. That single rule protects everyone from liability and keeps the project inside the lender's guardrails.

And because the market has shifted, a quick regulatory note: in November 2024 HUD issued updates that supersede older practices. I'll call those out where they matter most. If you've "always done it this way," some of those ways changed. We'll get you current.

## CHAPTER 1

# The Landscape of Rehab Loans

If you remember nothing else from this chapter, remember this: rehab loans are everyday mortgages with a construction budget attached. You're not trying to be a developer. You're trying to buy the right house — not the finished house — and finance the improvements inside a single loan.

### The FHA 203k Loan

If you've heard of rehab loans before, it was probably the **FHA 203k**. This loan has been around for decades, and it's still the workhorse of renovation financing.

But here's the thing: there are actually two different versions — **Limited** and **Standard**.

## The Limited 203k

This one is for homes that need a facelift, not a full overhaul. Think new kitchens, bathrooms, roofs, or HVAC systems. No moving walls, no adding bedrooms — just repairs and updates.

- **Repair limit:** Up to **\$75,000**. (And this is important — HUD raised this limit in November 2024. If you've read older material, toss those numbers out. This is the new reality.)
- **Timeline:** You've got up to **9 months** to get the work done.
- **Consultant required?** Not officially. But in my experience, skipping a consultant is like driving cross-country without a GPS. You *can* do it, but why make it harder?

## The Standard 203k

This is for the bigger projects. Maybe the house needs structural repairs, maybe you're adding an addition, or maybe it's practically a full rebuild.

- **Repair amount:** No set dollar cap, but it's limited by FHA county loan limits.
- **Timeline:** Up to **12 months** to complete the work.

- **Consultant required:** Yes, always. And trust me, you want that. The consultant is the one making sure the work is written up correctly, that the contractor stays on track, and that the lender has the documentation they need.

## What Changed in 2024

HUD made some big updates that you need to know:

- The Limited 203k cap went up to **\$75,000**.
- Rehab timelines were extended (9 months for Limited, 12 months for Standard).
- Consultant fees can now be financed in Limited 203k loans (a huge relief for borrowers).
- The fee schedule was updated:
  - Work write-up fees up to **\$2,000 or 1%** of repairs.
  - Draw inspections: **\$375**.
  - Re-inspections: **\$225**

For many buyers, the FHA 203k is the gateway to homeownership in today's market. It's flexible, it's accessible, and it's designed for the kind of homes most people can actually afford.

Pro Tip — Payment Relief During Renovation: With FHA 203k, borrowers can finance a cushion of

mortgage payments (commonly three to four months, up to twelve in special cases) when the home is temporarily uninhabitable. That keeps you from paying rent and a mortgage while the house is being made livable. Talk to your lender; we'll estimate months uninhabitable in your work write-up.

## The Fannie Mae Homestyle Loan

Now, maybe FHA isn't the right fit for you. Maybe you've got stronger credit, or maybe you're not buying a primary home. That's when **Fannie Mae Homestyle** steps in.

Here's what makes it different:

- It works for **primary homes, second homes, and even investment properties.**
- It allows for **luxury improvements** — yes, you can finally get that pool or spa that FHA won't cover.
- Loan amounts can go higher, since it follows conventional guidelines (including jumbo loans).
- You'll generally need a **620 credit score or higher.**
- And you can do up to **10% of the work yourself.**

The tradeoff? You'll need a bigger down payment (minimum 5%) compared to FHA's 3.5%. But for the right borrower, Homestyle gives flexibility that FHA doesn't.

## The VA Renovation Loan

And then there's the **VA Renovation Loan**, which I have a soft spot for. If you've served this country, you deserve every opportunity to make homeownership possible — and this loan helps.

- **Down payment:** Zero. That's right — no money down for qualified veterans.
- **Property types:** Works for 1–2 unit homes.
- **Luxury improvements:** Not allowed — this loan is about making homes safe, sound, and livable.
- **Work must be done by contractors.** No DIY, no rolling consultant fees into the loan.
- **Credit score:** Typically **620–640**, depending on the lender.

It's more limited than FHA or Homestyle, but for veterans, it's a powerful way to buy and improve a home without a huge cash outlay.

## So Which One Is Right for You?

Here's how I explain it when I sit down with clients:

- If you're a first-time buyer or middle-class family just trying to get a safe, livable home → **FHA 203k** is usually the way to go.
- If you've got higher credit, want an investment property, or dream of luxury upgrades → **Fannie Mae Homestyle** is a better fit.
- If you're a veteran who qualifies → **VA Renovation Loan** is an incredible option.

Every one of these programs has its quirks, but here's the good news: there's a rehab loan for almost every situation.

## Why NAFHAC Consultants Matter

Now let me say this clearly: **your success doesn't just depend on the loan — it depends on who you've got guiding you through it.**

That's why NAFHAC matters so much.

- If you're a **buyer**, you want a consultant who's trained, tested, and backed by the only national organization focused on this work.
- If you're a **professional** — agent, lender, or contractor — partnering with NAFHAC members

makes your transactions smoother and your clients happier.

The truth is, I've seen deals fall apart because the wrong people were involved. And I've seen tough projects succeed because the right consultant — a NAFHAC consultant — was leading the way.

### **A Real-Life Story**

Let me paint you a picture. A family I worked with, we'll call them the Johnsons, were on the verge of giving up. Every move-in ready house was priced way beyond what they could afford. Then they found a three-bedroom home with a great yard but a leaky roof, outdated kitchen, and some serious cosmetic issues.

Most buyers walked away from that property. But with an FHA 203k Limited loan, we rolled the cost of repairs into the mortgage. We brought in contractors, set up the work write-up, and followed the flow step by step. Nine months later, the Johnsons had a beautiful, modern home — and equity they wouldn't have had if they'd bought a "ready-to-go" house.

What made the difference? Not just the loan. It was the process. And it was having the right consultant, connected to NAFHAC, who made sure everything ran smoothly.

Now that you know the main types of rehab loans, we're not just going to rush straight into the process

flow. Before we talk about how these projects actually move from start to finish, I want you to see the **power and possibilities** that each of these loans unlocks.

Why? Because a rehab loan isn't just paperwork — it's a tool. And like any tool, the way you use it makes all the difference. I've seen the FHA 203k used to turn a crumbling duplex into a thriving mixed-use property with a family business downstairs and apartments upstairs. I've watched the Fannie Mae Homestyle turn a cookie-cutter house into a dream luxury property. And I've seen veterans use the VA Renovation Loan to bring life back to homes they thought they'd never be able to afford.

So in the next three chapters, I'm going to take you deeper:

- **Chapter 2:** We'll break down the FHA 203k in detail — Limited and Standard — and I'll share a story of how one family used it to buy and rehab a mixed-use property.
- **Chapter 3:** We'll dig into Fannie Mae Homestyle and I'll show you how another family used it to add luxury touches to a home they loved but wanted to customize.
- **Chapter 4:** We'll explore the VA Renovation Loan and even touch on USDA and other lesser-known programs, including how they gave one veteran's family the chance to finally have a safe, affordable home of their own.

Once you've seen what these programs can really do, then — and only then — we'll dive into the **flow of the rehab project**. Because by that point, you won't just know the rules — you'll be inspired by the possibilities.

Before we dive into the details of each loan, there's something you need to know up front, because it applies to *all* rehab loans, no matter which one you choose:

**Repairs don't begin until after closing.**

That means sellers don't make the fixes. Buyers don't start swinging hammers before settlement. Everything — from the contractor bids to the consultant's write-up to the lender's approval — is lined up during the loan process, but the actual work doesn't begin until you've signed those closing papers and the house is officially yours.

It's a rhythm that protects everyone: the lender, the seller, and most importantly, you. And once you understand that, you'll see why having a solid plan — and the right consultant — makes all the difference.

Now, let's dig deeper. Because before we jump into the flow of a project, you need to see what each type of rehab loan can really do. And the best place to start is with the workhorse of them all: the **FHA 203k**.

## CHAPTER 2

# Unlocking the Power of the FHA 203k

**T**he FHA 203k has been around for decades, and it's still the most powerful renovation loan on the market. I like to call it the Swiss Army knife of rehab financing. It's versatile, practical, and built to handle projects big or small. But beyond the guidelines and numbers, here's why I love it: it changes lives.

Houses that everyone else ignores suddenly become options. Families who thought they were priced out of the market can finally buy. And consultants like me get the privilege of walking people through the process.

### **The Consultant as Quarterback**

*Throwback from my original book, Insights of a Successful 203k Consultant:*

“The consultant is the quarterback of the entire 203k process. Without someone leading the team, contractors don't know the plays, lenders don't know the score, and

the buyer doesn't know if they're winning or losing. The consultant makes sure everyone's running in the same direction."

That was true when I wrote it years ago, and it's even truer today. The big difference now is that HUD finally adjusted the consultant fee schedule in 2024. Consultants are better compensated, and even on a **Limited 203k** (where HUD doesn't require a consultant), borrowers can finance the consultant fee into their loan.

So the quarterback finally gets paid like one — and the whole team wins.

## **The Limited 203k: A Facelift, Not a Rebuild**

Sometimes a house doesn't need to be gutted. It just needs a facelift. That's exactly what the **Limited 203k** was designed for.

Here's the rule of thumb: if it's cosmetic, the Limited works. If it's structural, it doesn't.

Eligible:

- Roofing
- Kitchens and bathrooms
- HVAC
- Flooring

- Windows, siding, painting

Not eligible:

- Moving load-bearing walls
- Additions
- Foundation repairs

And HUD made some big changes in 2024:

- The repair cap increased to **\$75,000**.
- The timeline expanded to **9 months**.
- Consultant fees are **reimbursable** through the loan.

Let me give you an example. A young couple I worked with found their first home in a neighborhood they loved. But it was stuck in another era — cabinets hanging off hinges, bathrooms worn down, and floors that had seen better days. Without the 203k, they would've had to live with all that for years, fixing things one paycheck at a time.

Instead, with a Limited 203k, we wrapped the renovations into their mortgage. By the time they moved in, they had the house they wanted — modern kitchen, fresh bathrooms, beautiful hardwood floors. And because they chose to bring me in as their consultant, even though HUD didn't require it, they had someone managing contractors and paperwork. My fee? Rolled into the loan, reimbursed at closing.

That's the principle of the Limited 203k: it's not about rebuilding houses. It's about reimagining them.

## The Standard 203k: Big Dreams, Big Projects

But what if the house needs more than a facelift? What if the roof is sagging, the foundation is cracked, or the buyers want to add an addition? That's where the **Standard 203k** comes in.

The Standard is built for big projects:

- Structural repairs
- Room additions
- Conversions (like turning a duplex into a single-family home)
- Foundation work
- Major remodels

HUD sets no strict repair cap here. The only limit is the FHA county loan limit. And borrowers get up to **12 months** to finish the work. A consultant is always required — and for good reason.

## Financing Mortgage Payments

Here's a feature most people don't know about: with the Standard 203k, borrowers can finance up to **12**

**months of mortgage payments** into the loan while the home is uninhabitable.

Most clients use 3–4 months, but think about how huge that is. You're not paying rent *and* a mortgage at the same time. That's what makes the Standard realistic for families who otherwise couldn't carry two housing costs.

I've had clients tell me, "Catherine, we could never do this if we had to pay rent and a mortgage at once." And when I explain that HUD lets them finance payments into the loan, it's like the weight lifts right off their shoulders.

## **A Mixed-Use Dream**

One of my favorite Standard 203k projects was a mixed-use property downtown — apartments upstairs, a storefront below.

Most buyers walked away. The roof leaked, the wiring was unsafe, and the storefront hadn't been touched in years. But FHA allows mixed-use properties, as long as the residential portion dominates.

Through the 203k, the family restored the apartments and launched their café in the storefront. They didn't just get a house. They got a business, a home, and a future. That's the magic of the Standard 203k.

## Good Neighbor, Great Home

Here's another example that shows the power of FHA programs working together.

A single mom, a teacher, needed a home near her parents. Everything move-in ready was out of reach. But then she found a HUD-owned property in the right neighborhood. It was vacant, gutted, and uninhabitable.

Through the **Good Neighbor Next Door program**, she bought it for half price. Pairing it with a Standard 203k, we turned the house into a safe, welcoming home for her kids.

That's the kind of story I never get tired of telling. Because it's not just about financing. It's about giving families options they thought didn't exist.

## Consultant Fees: Not an Expense, an Investment

One of the biggest myths about hiring a consultant is that it's "too expensive." The truth? Consultant fees are financed into the loan.

Here's how it works:

- The borrower pays upfront for the Work Write-Up.
- At closing, that fee is deducted from the down payment.

- In effect, the borrower is reimbursed.

So instead of draining their savings, borrowers get professional oversight financed into the project. And that oversight protects them from costly mistakes — like contractors overcharging or skipping HUD-required steps.

As I wrote in my original book years ago:

“The consultant is not a cost. The consultant is an insurance policy. We’re the ones who make sure the dream doesn’t become a nightmare.”

That principle hasn’t changed one bit.

## Consultant Tips (Modern Edition)

Over the years, I’ve collected tips that save borrowers time, money, and headaches. Here are a few that still apply — with a modern twist:

- **Don’t start early.** No repairs can begin until after closing. Not the day before, not with “just a little paint.” Wait until the loan funds.
- **Get multiple contractor bids.** HUD requires licensed, insured pros. Don’t settle for one number — compare and protect yourself.
- **Budget for surprises.** Always build in a 10–20% contingency. Every old house hides something.

- **Use today's tools.** When I started, it was paper forms and faxes. Today, consultants use mobile apps and e-signatures. The process is faster, easier, and more transparent than ever.

## Wrapping Up Chapter 2

The FHA 203k isn't just a loan. It's a lifeline. It takes the homes nobody wants and turns them into the homes families need.

Whether it's cosmetic updates with a Limited, major structural work with a Standard, or financing mortgage payments so families can breathe during renovations — this program has been transforming lives for decades.

And the secret to success? It's not just the loan. It's the people guiding it. When you work with a NAFHAC-certified consultant, you don't just get financing. You get peace of mind, protection, and a plan.

Because buying a fixer-upper shouldn't feel like a gamble. With the FHA 203k — and the right team behind you — it's a winning strategy.

## CHAPTER 3

# **Freedom with Fannie Mae Homestyle**

If the FHA 203k is the workhorse of renovation financing, then the Fannie Mae Homestyle Renovation Loan is its more flexible, polished cousin. It's conventional, not FHA, which means the rules are different — and for the right borrower, that makes all the difference.

Think of it this way: FHA is designed for the average homebuyer, someone who needs a primary residence and may not have perfect credit. Homestyle, on the other hand, was built for buyers with stronger credit who want more freedom — the freedom to purchase a second home, to invest in rental properties, or even to add upgrades FHA won't allow.

## Throwback: Matching the Dream with the Right Loan

*From my original book, Insights of a Successful 203k Consultant:*

“Not every buyer fits into FHA. Some want a vacation home. Some want to build wealth with investment property. And some want luxury features that FHA won't touch. The consultant's job is to know the tools well enough to match the dream with the right loan.”

That hasn't changed one bit. In fact, in today's market, where affordability is tight and buyers are stretching every option, this principle matters more than ever. Homestyle fills in the gaps FHA leaves open.

## What Makes Homestyle Different?

Here are the key distinctions:

- **Primary, second, and investment properties.** FHA says “primary only.” Homestyle says yes to vacation homes and rentals.
- **Luxury improvements.** FHA forbids pools, spas, and outdoor kitchens. Homestyle welcomes them.
- **Loan size.** FHA is capped at HUD's county limits. Homestyle follows conventional limits, which can go much higher — even into jumbo territory.

- **Credit score.** FHA can go down to 580. Homestyle typically requires 620+.
- **Down payment.** FHA starts at 3.5%. Homestyle starts at 5%.
- **Sweat equity.** FHA doesn't allow borrowers to swing the hammer. Homestyle lets you do up to 10% of the work yourself — if your lender approves.

## Principle in Action: Vacation Dreams Made Real

Let me tell you a story. A couple from Pennsylvania had always dreamed of owning a vacation home at the Jersey Shore. They wanted a place where their kids could grow up making memories, where they could spend summers near the water, and eventually retire.

But here was the problem: the homes they could afford were still damaged from hurricanes years ago. Roofs sagged, kitchens were gutted, drywall was moldy. FHA was off the table because this wouldn't be their primary residence.

Enter the Homestyle. With it, they bought a storm-battered house for a fraction of what a move-in ready home would cost. Then we wrapped the renovation into the loan: new roofing, drywall, plumbing, electrical, and cosmetic upgrades.

By the time the work was done, they had their beach house. And because it was Homestyle, they weren't limited to just "livable repairs." They were able to add touches that made it feel like a true retreat — the kind of place you walk into and instantly feel like you're on vacation.

That's the principle of Homestyle: **it lets you build more than a house. It lets you build your lifestyle.**

## Homestyle and Investment Properties

Now let's flip the script. Not everyone wants a vacation house. Some buyers are looking to build wealth — and that's where Homestyle's allowance for **investment properties** shines.

Imagine finding a duplex in a hot rental market. The bones are solid, but the units are outdated and the rents are below market. With a Homestyle loan, you can finance both the purchase and the renovations in one package.

Here's what happens:

- You buy the property with as little as 15% down.
- You renovate the units with modern kitchens and bathrooms.
- You rent them out at market rates.

Now you're building cash flow from day one, without draining your savings on repairs.

## **Throwback: Consultants Guiding Investors**

In my original book, I wrote about consultants being the missing link between investors and lenders:

“The investor wants the return, the lender wants security, and the contractor wants to get paid. The consultant is the one who makes sure all three happen without anyone getting burned.”

That's still true today. Homestyle doesn't require a consultant on paper. But smart investors often bring one in anyway. Why? Because they know oversight protects their investment — and because lenders often *prefer* having a consultant involved, even when the rules don't demand it.

## **Principle in Action: Building Wealth**

I worked with a client who was tired of renting and wanted to start building a portfolio. She found a triplex in a great area, but it was in rough shape: kitchens outdated, bathrooms crumbling, and the exterior neglected.

With Homestyle, she bought it, financed the repairs, and turned each unit into a desirable rental. Within a

year, the property not only covered its own mortgage, it generated positive cash flow every month.

That's the principle of Homestyle for investors: **it turns potential into profit.**

Now here's the caveat. Had she been able to live in one of the three units as her **primary residence**, she could have done the exact same thing with an **FHA 203k**. In fact, I've helped many clients do just that — buying a duplex, triplex, or even a four-unit property, living in one unit, and using the rental income from the others to help pay the mortgage.

And here's something most people don't realize: you can even combine **multi-family with mixed-use properties** under both FHA 203k and Homestyle. The key is that the residential portion must dominate. The one thing you can't do is finance repairs to the commercial space — neither FHA nor Fannie Mae allows that under a residential mortgage. But the residential units? Fair game.

That's the beauty of these programs. Whether it's FHA or Homestyle, they give buyers and small investors the chance to step into opportunities that would otherwise be out of reach.

## Consultant Tips for Homestyle Projects

Even though Fannie Mae doesn't require a consultant, I can tell you from experience: these projects run smoother when one is involved. Here's why:

- **Scope clarity.** Contractors love to push the envelope on “luxury” vs. “necessary.” A consultant keeps the scope realistic and lender-approved.
- **Draw requests.** Lenders often use the same draw process as FHA loans. Having someone experienced manage this saves endless delays.
- **Protecting investors.** With rentals or second homes, mistakes cost money fast. Oversight prevents shortcuts.
- **Sweat equity oversight.** If you're doing some of the work yourself, a consultant helps document it properly so the lender signs off.

## Wrapping Up Chapter 3

The Homestyle Renovation Loan is about freedom. Freedom to buy more than just a primary residence. Freedom to invest in rentals. Freedom to create a vacation home where memories are made. Freedom to add the upgrades FHA won't allow.

It's not the right loan for everyone — you need stronger credit and a slightly higher down payment. But

for the borrower who qualifies, it opens doors FHA keeps closed.

And just like FHA, success with Homestyle isn't just about the loan. It's about the people. The right lender. The right contractor. And yes, the right consultant — ideally a NAFHAC-certified one — who can guide the process, keep the paperwork clean, and protect the investment.

Because the truth is simple: the loan might open the door, but the right team makes the dream a reality.

## CHAPTER 4

# VA, USDA, and Other Hidden Gems

So far, we've talked about the two heavyweights of renovation lending: FHA 203k and Fannie Mae Homestyle. These are the programs most people hear about — and for good reason. But they're not the only options out there.

There are two other programs that deserve your attention: the **VA Renovation Loan** and the **USDA Renovation Loan**. They don't get as much press, and they're not used nearly as often. But when you find the right borrower in the right situation, these loans can be game-changers.

### **Throwback: Serving Niche Borrowers**

*From my original book, *Insights of a Successful 203k Consultant*:*

“The consultant who thrives isn't the one chasing only the mainstream programs. It's the one who

knows the outliers — the smaller, lesser-known loans that give specific buyers exactly what they need. Because when you can help a borrower that others turn away, you don't just win a client. You win a raving fan."

That principle still holds true. These "hidden gem" renovation loans may not apply to everyone, but when they do, they create opportunities no other program can.

## The VA Renovation Loan: Serving Those Who Served

The VA loan is already one of the most powerful mortgage products in America. Zero down payment. No monthly mortgage insurance. Competitive rates. It's one of the greatest benefits our country offers to veterans and service members.

But what most people don't realize is that the VA also offers a **renovation version** of the loan. That means a veteran doesn't have to walk away from a home just because it needs repairs. They can finance both the purchase and the rehab into one loan — with all the same VA perks.

### Key features:

- Zero down payment (yes, even with renovations).
- No monthly mortgage insurance.

- Covers repairs and upgrades to make the home safe, sound, and livable.
- Loan amounts tied to VA entitlement and county limits.

## **Principle in Action: A Veteran's New Start**

I once worked with a veteran family who had just moved back from overseas. They wanted to settle into a home near extended family, but every move-in ready property was out of their budget.

What they could afford were houses that needed work — some missing appliances, others with outdated systems, and one that had serious roof issues. Normally, a VA loan wouldn't work on those homes because VA appraisals require properties to be safe and livable.

But with the VA Renovation Loan, the rules changed. We found a home in a good neighborhood with strong bones but plenty of deferred maintenance. Using the VA Renovation program, they financed the purchase and the repairs together.

Here's what that meant:

- They bought the house with **zero down**.
- The VA covered repairs to the roof, electrical, and HVAC.

- They still got the benefit of no monthly mortgage insurance.

For this family, the loan wasn't just about buying a house. It was about finally putting down roots after years of service.

### **Consultant Tip: VA Paperwork Can Be Tricky**

Here's what I'll tell you as a consultant: VA renovation loans are not common. That means many lenders and contractors don't fully understand the process.

**Tip: Be the calm in the chaos.** Lenders may fumble, contractors may push back, but if you know the rules — like which repairs qualify and how draws are handled — you become the expert everyone leans on. That makes you invaluable.

### **USDA Renovation Loan: Rural Opportunities**

Now let's talk about another underused program: the **USDA Renovation Loan**.

The USDA program is designed for rural buyers, offering 100% financing in eligible areas. Most people know about USDA as a no-down-payment option, but very few realize there's a **renovation version**.

**Key features:**

- 100% financing (no down payment).
- Income and geographic eligibility required.
- Covers purchase + rehab in one loan.
- Great for modest homes in rural communities.

**Principle in Action: Making Rural Homes Work**

A young couple I advised wanted to stay in their small town where they both grew up. The only homes they could find were older properties that hadn't been updated in decades.

The USDA Renovation Loan became their ticket. They bought an older farmhouse in need of new siding, updated electrical, and cosmetic improvements. With USDA, they financed it all into one loan with no down payment.

The best part? Because their income was modest and the area qualified, they were able to buy without stretching their budget. For them, the USDA renovation option made staying in their hometown possible.

## Consultant Tip: Know Your Geography

The USDA program only applies in designated rural areas. That doesn't always mean "out in the country." Many suburban areas just outside major cities qualify.

Tip: **Always check the USDA eligibility map.** I've surprised more than one client by telling them their neighborhood actually qualified.

## Other Lesser-Known Programs

Beyond VA and USDA, there are a few niche renovation loans worth mentioning:

- **State Housing Finance Agency Programs.** Some states offer rehab add-ons for first-time buyers.
- **Local Grants and Loans.** Cities and counties sometimes provide matching funds for rehab, especially in redevelopment zones.
- **Private Lender Rehab Loans.** Not the same as hard money, but some banks offer portfolio products similar to Homestyle.

These programs won't apply to everyone, but when they do, they can bridge gaps that the big national programs leave open.

## **Throwback: Don't Overlook the Small Stuff**

From my original book:

“The consultant who only talks FHA 203k will win some clients. The consultant who also understands Homestyle, VA, USDA, and local programs will win the ones everyone else overlooks.”

That advice is timeless. If you want to be the consultant agents, lenders, and buyers call first, you've got to know more than just the basics.

## **Wrapping Up Chapter 4**

The VA and USDA Renovation Loans may not be household names, but for the right borrower, they're life-changing.

- The VA Renovation Loan gives veterans the chance to buy homes that need work without losing the incredible benefits of the VA program.
- The USDA Renovation Loan makes it possible for rural buyers to stay in their communities, fixing up older homes with 100% financing.
- And the smaller, lesser-known programs fill in even more gaps, proving there's almost always a way forward if you know where to look.

As consultants, our role is simple: know the tools, guide the borrower, and make the process less intimidating. Because when you can open doors other people don't even know exist, you're not just closing a deal — you're changing a life.

## CHAPTER 5

# Energy Efficient Mortgages (EEMs) — The Hidden Superpower

Let's talk about a loan feature that most buyers, and honestly even most real estate professionals, don't know exists: the **Energy Efficient Mortgage, or EEM**.

Now, before your eyes glaze over thinking this is just another acronym, hear me out. This program can change the game for buyers in ways that few others can. And here's why: **an EEM lets you roll the cost of energy-saving upgrades right into your mortgage.**

That means solar panels, better insulation, high-efficiency windows, smart thermostats — all the things that not only cut utility bills but also make a home more comfortable, more valuable, and more future-proof.

And here's the kicker: when you combine an EEM with an FHA 203k, you've got one of the most powerful renovation-financing combos out there (3HR)\_Energy Efficient Mortgages

## **Throwback: Why Efficiency Always Mattered**

In my original book, I talked about how buyers often overlook the “invisible” upgrades. Everyone gets excited about granite counters or new floors, but very few people want to pay for insulation or a new HVAC system.

Back then, I wrote:

“The smartest money isn’t always seen on the surface. The upgrades behind the walls — the ones that cut monthly costs — often pay for themselves long before the fancy finishes do.”

That was true then, and it’s even more true now, with energy costs rising and buyers becoming more eco-conscious.

## **What Exactly Is an EEM?**

Here’s the simple version:

- It’s a mortgage feature (not a separate loan) that lets you finance energy-efficient upgrades.
- It’s available for purchases and refinances.
- It increases affordability because lower utility bills can help buyers qualify for a higher loan amount.

- And it's backed by HUD, FHA, Fannie Mae, VA, and USDA — depending on the type of mortgage (3HR)\_Energy Efficient Mortgages

Think of it like this: traditional mortgages stop at the front door. EEMs go inside the walls, making sure your home runs as efficiently as possible.

### How It Works (Without the Jargon)

Here's the typical process:

1. A **HERS rater** (Home Energy Rating System) does an energy audit on the property.
2. The report shows what upgrades are possible, how much they'll cost, and how much they'll save in utilities.
3. The lender and consultant review the report to confirm the upgrades are cost-effective.
4. The cost of improvements is rolled into the loan.
5. The work is completed after closing, and funds are released from escrow as upgrades are verified (3HR)\_Energy Efficient Mortgages

So the buyer gets the house, the improvements, and the savings — all financed together.

## Case Study: The Drafty Colonial

Let me give you a real-world picture.

A family found a beautiful colonial in New England — the kind with character, charm, and (unfortunately) single-pane windows and drafty walls. Winter heating bills in that house were higher than some car payments.

Through an FHA loan with an EEM, they added insulation, replaced all the windows with high-efficiency models, and installed a smart thermostat system.

The result? Their heating costs dropped by nearly 40%. The monthly savings helped offset the slightly higher mortgage payment. And when they later sold the home, buyers lined up because the energy upgrades made it stand out in a competitive market.

## The Power of Combining EEM + 203k

Here's where things get really exciting. An EEM by itself is great. But combined with a **203k loan**, it becomes a powerhouse.

Think about it:

- The 203k covers structural repairs, kitchens, baths, roofs, flooring.
- The EEM layers on solar, insulation, smart tech, HVAC, and efficiency measures (3HR)\_Energy Efficient Mortgages

One of my clients used this combo to buy a foreclosure that needed everything — roof, kitchen, baths — but also had sky-high utility costs. With the dual approach, they not only restored the home but future-proofed it. Now, their utility bills are among the lowest in the neighborhood, and their home value has climbed dramatically.

### **Consultant Tip: Teach the “Invisible Value”**

When I talk to buyers, I always remind them: no one brags at a barbecue about their new insulation. But they sure do brag when their utility bill drops from \$400 to \$150.

Your job as a consultant is to make that connection clear. Energy upgrades aren't glamorous, but they are wealth-builders.

#### **What Can Be Financed?**

Here's a quick list of common upgrades that qualify under EEMs (3HR)\_Energy Efficient Mortgages:

- High-efficiency HVAC systems.
- Solar panels (with tax credits to sweeten the deal).
- Advanced insulation and air sealing.
- Energy-efficient windows and doors.

- Smart thermostats and home automation.
- Tankless or high-efficiency water heaters.
- LED lighting and smart controls.

In other words: upgrades that lower bills, extend system life, and improve comfort.

### **Case Study: The Teacher Who Wanted Comfort**

A single mom and schoolteacher came to me after buying a small starter home. She loved the neighborhood but dreaded the thought of cold winters in a house with poor insulation and an aging furnace.

We paired a Limited 203k loan with an EEM. The 203k paid for cosmetic updates — paint, new flooring, a modern kitchen. The EEM paid for a new furnace, insulation, and energy-efficient windows.

When the work was done, she had not only a comfortable home but also peace of mind. Her utility bills dropped, giving her more breathing room in her monthly budget.

That's the true beauty of this program: it helps people live better every day.

## Why EEMs Matter Right Now

Energy-efficient homes aren't just nice to have anymore — they're in demand. Buyers are actively seeking them out because:

- Utility costs are rising.
- Climate awareness is growing.
- Green features increase resale value (3HR)\_Energy Efficient Mortgages.

In fact, studies show homes with energy-efficient features often sell faster and for more money.

## Throwback: The Consultant as Educator

From my first book:

“The consultant is the teacher in the process. Most buyers don't know what they don't know. When you open their eyes to options like energy-efficient financing, you don't just solve their problem — you expand their vision.”

That's what EEMs are really about. They expand what's possible.

## Wrapping Up Chapter 5

Energy Efficient Mortgages may not be flashy, but they are powerful. They make homes more affordable, more comfortable, and more valuable.

For buyers, EEMs mean lower bills and better living.

For consultants, they're a chance to add expertise and stand out.

And when paired with a 203k, they unlock a whole new level of opportunity.

So the next time you're walking through a drafty house with a client, don't just see the problems. See the potential. Because with the right financing — and the right consultant — even the coldest, leakiest house can become a warm, efficient, affordable home.

## CHAPTER 6

# Pre-Inspection: Laying the Foundation

Let's pause for a moment. Up to now, we've been talking about the big picture — the different loan types, the opportunities they create, and the way families and investors can transform their lives with renovation financing. But from this point forward, we're going to shift into the nuts and bolts.

This next section of the book is all about **The Flow of a Rehab Project**. Think of it as the roadmap, the step-by-step process that takes you from “we're thinking of buying this house” to “we're moving in and loving the finished product.”

There are five phases to every rehab project:

1. Pre-Inspection (what we're diving into now)
2. Initial Site Visit & Preliminary Work Write-Up
3. Contractor Bidding
4. Final Work Write-Up

## 5. Draw Inspections

Each of the next five chapters will walk you through one of these stages in detail. And here's the part I want you to pay attention to: these chapters are not just for consultants. They're for everyone — buyers, real estate agents, loan officers, and contractors. Why? Because when everyone on the team understands the flow, the project runs smoother, fewer surprises pop up, and the end result is better for everyone.

For new consultants, these chapters will feel like a training manual. For seasoned consultants, they're a refresher and maybe a reminder of some best practices you've let slip over time. And for buyers and their partners, these chapters will pull back the curtain and show you why working with a **NAFHAC-certified consultant** is the smartest move you can make.

So, let's begin where it all starts: **Pre-Inspection**.

### **Why Pre-Inspection Matters**

If there's one thing I've learned over years of doing this work, it's this: a project will only be as successful as the expectations set at the very beginning. Pre-Inspection is the phase where you, as a consultant, take control of the project flow. It's where buyers learn what's realistic, where agents and loan officers get clarity on their roles, and where contractors either prove themselves reliable or show their true colors.

In fact, I tell consultants all the time: if you skip or rush through Pre-Inspection, you're signing yourself up for headaches later.

HUD guidelines require us to receive a **Consultation Request Form** from the lender before we ever step foot on the property. That alone should tell you how seriously this stage is taken. Before you go out, you should have already:

- Gathered property details (occupancy, year built, utilities status).
- Set the contingency reserve percentage (10% minimum, though I prefer 15% if utilities are off or the property is vacant).
- Clarified borrower goals in writing.
- Collected and signed the **Consultant Services Agreement**.
- Received your fee — preferably up front.

When all of this is handled at the Pre-Inspection stage, the rest of the project flows so much easier.

## **Managing Expectations (and Teaching People How to Pay You)**

One of my favorite lines — and my members will recognize this — is: *“Teach people how to give you money.”* It sounds funny, but it's true. Most of the problems

consultants run into happen because borrowers, agents, or contractors didn't understand the process at the start.

That's why I encourage consultants to hold a Pre-Inspection Zoom call with all parties. Get the borrower, contractor, loan officer, and agent on the same screen. Walk them through the flow of activities. Share the PDF flowchart. Explain, clearly and calmly:

- Contractors don't get upfront money after closing. If they want material deposits, it must be documented and escrowed before settlement.
- Buyers don't move in and start repairs before closing. **All rehab work begins after settlement.**
- Consultants will be guiding the process, but every party has responsibilities — and everyone needs to be on the same page from day one.

The beauty of doing this upfront? Everyone walks away knowing what to expect, and you as the consultant look like the professional you are.

## Using Genesis to Stay Organized

Here's where technology has truly changed the game. With the **Genesis Rehab Project Creator**, consultants can document every piece of the Pre-Inspection process and keep it organized. From creating a project record with the borrower's name and property address, to attaching

agent and lender information, to uploading the Consultant Services Agreement — it's all there in one place.

One of the most powerful features is the Pre-Inspection Task List. Genesis lays out every step you need to complete. You don't have to wonder what comes next; you just follow the list. Need to collect a signature? Send it through Acrobat Pro and attach it. Need to add a cover page with the property photo? Snap a screenshot from Google Maps, save it as a JPEG, and upload it.

Because here's the truth: our jobs are complicated enough. Having a system that keeps the paperwork flow in order means you can focus on what matters — guiding your client and protecting the project.

## **A Throwback: Early Lessons on Expectations**

In my original book *Insights of a Successful 203k Consultant*, I shared a story about a project that derailed because expectations weren't set early. A borrower assumed that because the home needed a roof, the seller would handle it before closing. When the seller refused, everyone scrambled, fingers pointed, and tempers flared.

That deal could have been saved with one clear Pre-Inspection conversation: **“All repairs begin after closing. Nothing gets done by the seller, and nothing gets done by the buyer until settlement.”**

It's a simple truth, but when you say it up front, it prevents disappointment later. This principle hasn't changed one bit since I wrote that first book — and it's why I wanted to throw it back here as a reminder.

## **Payment, Agreements, and Professionalism**

Let me be very direct here: you should never attend a Pre-Inspection without a signed agreement and without payment. This is your professional service, and you deserve to be paid for your expertise.

The Consultant Services Agreement spells out everything:

- What's included in the inspection and feasibility review.
- What the borrower can expect during the work write-up and draws.
- Your fee schedule (with adjustments for multi-unit properties).
- Additional fees for things like photos or change orders.

When you walk through this agreement with your client, you're not just covering your bases legally — you're building trust. They know exactly what you'll do, when you'll do it, and what it will cost. And when they e-sign it and send payment electronically, the tone for the entire

project is set: this is a professional relationship, not a casual arrangement.

## **Setting the Stage for Success**


By the time Pre-Inspection is complete, a successful consultant has:


- Connected with all parties and managed expectations.
- Collected the Consultation Request Form from the lender.
- Clarified the borrower's goals in writing.
- Secured a signed agreement and payment.
- Documented everything in Genesis.


At that point, the project is ready to move forward to the next phase: the Initial Site Visit and Preliminary Work Write-Up. That's where the consultant walks the property, evaluates mandatory vs. desired repairs, and begins to sketch out whether the project is feasible as a Limited 203k, a Standard 203k, or even another loan product.


But remember this: if you don't do Pre-Inspection right, you won't have a clean slate to move into that next phase. Pre-Inspection is where you set the tone, and it's where you establish yourself as the leader of the project team.

## Pro Tips from the Field

 **Pro Tip 1: Use Pre-Inspection as a Marketing Tool.** Print the flowchart and bring it to every agent and lender meeting. When they see the professionalism behind the process, they'll remember you — and refer you.

 **Pro Tip 2: Never Assume Utilities Are On.** If electric, gas, or water are off, note it early. This changes feasibility, affects contingency reserves, and saves embarrassment at the site visit.

 **Pro Tip 3: Practice Your Agreement Script.** Whether you memorize or read it word-for-word, the Consultant Services Agreement should roll off your tongue. Confidence here builds client trust.

 **Pro Tip 4: Collect Fees Upfront.** Electronic payments and e-signatures aren't just convenient — they signal to the client that this is a serious, professional process.

## Closing This Chapter

So, this is where our journey through the flow of a rehab project begins. In the chapters ahead, we'll unpack each stage — from the site visit to bidding, from the work write-up to draw inspections. I'll share stories, throwbacks, and practical advice to show you what works, what doesn't, and how to make these projects succeed time after time.

And whether you're a buyer dreaming of a home, an agent trying to guide your clients, a loan officer structuring the financing, or a consultant building your business — the lessons in these chapters will give you tools you can use immediately.

Pre-Inspection isn't glamorous. It's not the part where walls come down or new kitchens get installed. But it's the part where you lay the foundation. And if you lay that foundation right, the rest of the project stands strong.

## CHAPTER 7

# The Preliminary Work Write-Up

### Setting the Stage

If Pre-Inspection is about setting expectations, then the Preliminary Work Write-Up is about **translating those expectations into a clear, documented plan**. This is the stage where we stop talking in generalities and start putting pen to paper (or fingers to keyboard in Genesis). It's also the phase where so many consultants either shine... or stumble.

Why? Because the Preliminary Work Write-Up is the bridge. It's the place where the borrower's dreams meet the cold, hard reality of HUD requirements, property standards, and the contractor's willingness to play by the rules. Get this stage right, and everything else flows smoothly. Get it wrong, and you'll find yourself making unnecessary trips back to the property, eating into your time and profit.

## Why the Borrower Must Be Present

Let me get this out of the way first: **you cannot do a Preliminary Work Write-Up without the borrower present.** This is not a home inspection. A home inspection is one-sided — the inspector walks through the house, documents the condition, and hands over a report. But a rehab consultation? That’s a dialogue.

Think about it: at least **half of the scope of work comes from borrower-desired repairs.** If they want to upgrade a kitchen, finish a basement, or add central air, you need that input right there in the moment. Without them, you’re only doing half the job.

I’ve seen new consultants try to shortcut this. They walk the house alone, thinking, “I’ll just email the borrower later and ask what upgrades they want.” Big mistake. First, you’re forcing the borrower to imagine changes without you guiding them. Second, you’ve guaranteed yourself a second trip back out — which HUD doesn’t pay you for. Your fees are fixed. Go out twice, you’ve just cut your income in half.

So, I’ll say it clearly: **if the borrower can’t be there, you postpone the appointment.** No exceptions.

**Pro Tip:** If a borrower absolutely cannot attend in person, set up a live Zoom walk-through. Walking the property with video is better than trying to patch together emails later. It keeps the dialogue flowing in real time.

## Balancing Mandatory, Recommended, and Desired Repairs

Every Preliminary Work Write-Up has three buckets of repairs:

1. **Mandatory Repairs.** These are non-negotiables. Health and safety issues, structural concerns, or HUD Minimum Property Standards requirements. If the roof is leaking or the electrical panel is outdated and unsafe, it goes here.
2. **Recommended Repairs.** These are items that make sense to do while the house is already under renovation. Maybe the windows are serviceable but inefficient, or the water heater is 20 years old. Not deal-breakers, but smart to address.
3. **Desired Upgrades.** This is where the borrower's wish list lives. New countertops, updated flooring, maybe finishing the attic. These are the things that turn a house into *their* home.

Here's the key: you, as the consultant, have to guide them through these categories. Borrowers don't always know the difference. They'll point to the shag carpet and say, "This has to go," when really, HUD cares more about the fact that the furnace hasn't worked since 1998.

A throwback from my original book *Insights of a Successful 203k Consultant* illustrates this perfectly. I once had a borrower who was laser-focused on upgrading the

bathroom fixtures. Meanwhile, the property's foundation had visible cracks. If we hadn't clarified "mandatory" versus "desired," that deal never would have closed. And the borrower would have been furious when their dream bathroom got pushed aside.

## Using Genesis to Keep It Organized

Now let's talk process. Genesis makes the Preliminary Work Write-Up easier, but only if you use it correctly.

Here's how it works:

- You log into Genesis as the consultant.
- You open the project and select "Preliminary Work Write-Up."
- You begin building the scope by entering mandatory items first. (This is crucial — it keeps you HUD-compliant.)
- Then you add recommended improvements.
- Finally, you layer in the borrower's desired upgrades.

Every item gets categorized, costed, and documented. And because Genesis is cloud-based, everything lives in one place. Later, when contractors are invited to bid, they'll see the exact same package you've built. No confusion, no "he said, she said."

One feature I love? You can attach photos directly. Snap them during your site visit, upload them, and suddenly the borrower, contractor, and lender all have the same visual context. No arguing later about whether the back steps were crumbling — the picture shows it.

## Preparing Contractors (Before Bidding Even Starts)

Here's something most new consultants don't realize: the way you handle the Preliminary Work Write-Up sets contractors up for success (or failure) later.

Too often, contractors walk into this process blind. They're used to private contracts where they can demand 40% upfront and start demo the next day. Rehab loans don't work that way. **There is no upfront money after closing.** If they want deposits for materials, those must be escrowed and approved before settlement. Period.

That's why I recommend involving contractors as early as possible. If the borrower already has one in mind, invite them to your **Pre-Site Visit Zoom meeting**. Use that time to explain the rules:

- No upfront money.
- Bids must break out material and labor.
- All bids must go through Genesis.

Do this before they ever set foot on the property, and you'll avoid 90% of the arguments later.

### **A Real-World Example: When Preparation Pays Off**

I'll never forget a project in New Jersey where the borrower was eager to start renovations. The contractor showed up to the Preliminary Work Write-Up meeting ready to promise the world — new siding, remodeled kitchen, even a deck addition. His contract proposal demanded 50% upfront.

Because we'd prepared, I was able to stop him right there. "That's not how this program works," I explained. "You'll get paid through escrow, based on completed work and approved draws."

The borrower looked stunned. They had no idea. But here's the beauty: because we addressed it at the Preliminary stage, we avoided disaster. The contractor adjusted his expectations, and the borrower understood the rules. That deal closed smoothly, and the home is now a beautiful, lived-in property.

### **Payment Opportunities for Consultants**

Here's something else consultants should know — the Preliminary Work Write-Up is one of your payment milestones.

You get paid at the initial site visit when you create this report. If you're coordinating a multi-contractor bidding meeting (walking multiple contractors and the borrower through the house at once), you can charge for that too — often the same as a draw inspection fee. That's recurring revenue. One client, multiple paychecks.

This is where the difference between home inspection and rehab consulting really shows. A home inspection is one-and-done. Rehab consulting? Done right, it's a relationship that pays you at least four times on one project.

### **A Throwback Lesson: Don't Rush Out**

In *Insights of a Successful 203k Consultant*, I warned new consultants about a mistake I see over and over: rushing out to the property too soon. A borrower calls, excited about a fixer-upper, and the consultant thinks, “Great, I’ll be there tomorrow.”

But without the Consultation Request Form from the lender, without clarity on borrower goals, without pre-site visit prep... that trip is wasted. You’ll either miss key information or have to go back again.

Preliminary Work Write-Ups are not about being fast. They’re about being thorough. And thoroughness saves time in the long run.

## Closing the Loop

By the time you finish the Preliminary Work Write-Up, you should have:

- A clear, categorized list of mandatory, recommended, and desired repairs.
- Photos and documentation uploaded into Genesis.
- A borrower who understands the scope and expectations.
- Contractors prepared (or at least warned) about program requirements.

From here, the project naturally flows into the next phase: **Contractor Bidding**. That's where the numbers get real, where competition sharpens costs, and where you as the consultant step into the role of referee.

But never forget: the quality of those bids depends entirely on the clarity of your Preliminary Work Write-Up. Garbage in, garbage out. Get this stage right, and the rest of the project becomes manageable — even enjoyable.

## CHAPTER 8

# **Contractor Bidding: Turning Plans into Action**

If you've followed the flow this far, you know we've covered pre-inspection and the preliminary work write-up. Those first two steps are about setting expectations, gathering information, and defining the project. Now comes the part where theory meets reality: contractor bidding.

This is where the plans turn into real numbers. The contractor bidding phase is one of the most delicate points in the rehab loan process because it brings together everyone's hopes, budgets, and professional responsibilities. Done well, it sets the stage for a smooth closing and a successful renovation. Done poorly, it can cause delays, confusion, and even the loss of a deal.

## Why Contractor Bidding Matters

The bidding phase is not just about getting prices. It's about establishing a professional agreement that all parties — borrower, consultant, contractor, and lender — can rely on.

Think about it like this: the preliminary work write-up outlined what must be done (mandatory repairs), what should be considered (recommended improvements), and what the borrower wishes to see happen (desired upgrades). Contractor bidding puts actual dollars next to those categories.

The consultant's role here is critical. We're not just observers — we are guides. We make sure bids are complete, realistic, and properly documented. This protects the borrower, reassures the lender, and ensures that contractors understand exactly how they'll be paid.

## Setting Contractors Up for Success

One of the biggest mistakes consultants make is assuming contractors already know how renovation loans work. Many don't. And when they approach a 203k or Homestyle project the same way they would approach a private remodel, that's where trouble begins.

This is why I always recommend holding a **pre-bid Zoom meeting**. Invite the borrower, the contractor, the lender, and the real estate agent if possible. Walk through

the process, explain that contractors will be paid through escrow after closing, and answer questions right away.

This meeting isn't just about rules — it's about building trust. Contractors often appreciate being included early, because it helps them understand the expectations and reduces surprises later on.

### **A Case Study: Contractor Confusion Prevented**

A borrower once hired a local contractor they trusted. He had done excellent work for a family member, and they were eager to have him handle their renovation. But when he first looked at the bid package, he hesitated. His usual practice was to request a deposit before beginning work, and the idea of waiting until after closing felt unfamiliar.

Because we had already reviewed the rules in a pre-bid meeting, the borrower was prepared. They kindly explained, “We really want to work with you, but this program requires payments to go through escrow after closing. If that doesn't work for you, we may need to find another contractor.”

The contractor took some time to think it through, adjusted his process, and submitted his bid through Genesis. By the end of the project, he actually appreciated the system — he saw that payments were reliable, well-documented, and secure. The experience gave him

confidence to pursue more renovation loan projects in the future.

And here's something worth noting: in today's world of rising material costs, HUD does allow for exceptions. A contractor may be able to receive a portion of material costs **prior to closing** — but only with lender approval. Each lender has discretion both in how much can be released and whether payment is made directly to the contractor or to a specific supplier. Written documentation such as receipts or purchase orders must be provided. This flexibility is not used in every project, but when handled correctly, it can give contractors peace of mind and ensure that needed materials are secured on time.

**Pro Tip:** Encourage contractors to line up suppliers early and have purchase orders ready. When lenders see clear documentation, they're more likely to approve material cost advances — keeping the project on schedule and the contractor confident.

## Using Genesis to Streamline Bidding

Now let's talk about tools. Back when I first started, bidding meant stacks of paper, confusing spreadsheets, and constant phone calls. Today, we have Genesis — and it changes everything.

With Genesis, contractors log in to their own portal, see the line items from the preliminary work write-up, and enter their numbers directly. The system flags missing information, calculates totals automatically, and

keeps everyone accountable. Contractors can even access the platform from their phone, which means bids can be submitted from job sites, trucks, or even lunch breaks.

This isn't just convenient. It's also a marketing advantage. When you show lenders and agents how easy it is for contractors to bid through Genesis, they immediately see the professionalism you bring to the table. It builds confidence in the entire process.

### **A Throwback: Lessons From the Old Way**

In my earlier book *Insights of a Successful 203k Consultant*, I shared a story about a project that nearly fell apart because of poor bid management. Back then, the contractor submitted a hand-written estimate, the borrower misunderstood what was included, and the lender questioned the numbers. We spent weeks going back and forth, and the borrower almost walked away.

That experience taught me a valuable lesson: contractor bidding must be structured and documented. Genesis didn't exist back then, but today it ensures no consultant has to repeat that painful learning curve. The "throwback" reminds us why the systems we use now are so valuable.

## **Key Takeaways for Borrowers and Professionals**

For borrowers:

- Expect your contractor to submit detailed bids.
- Know that payments are handled securely after closing.
- Understand that change orders must be approved and documented.

For contractors:

- Learn the rehab loan process and adapt your bidding style to it.
- Recognize that while upfront deposits are not the norm, material cost exceptions may apply with lender approval.
- Use tools like Genesis to make bidding fast, accurate, and transparent.

For consultants and lenders:

- Host pre-bid meetings to set expectations.
- Monitor timelines and keep communication flowing.
- Never assume — always confirm that bids are complete before moving forward.

## Closing Thoughts

The contractor bidding phase may feel like a hurdle, but it's really a bridge. It takes the vision of a renovation and translates it into real dollars, contracts, and commitments. When handled with clarity, professionalism, and the right tools, it ensures that everyone steps into closing with confidence.

And remember: as with every stage of the flow, the goal isn't just to finish a project. It's to create a system that can be repeated — one that brings success for the borrower, consistency for the contractor, and credibility for you as the consultant. That's what keeps rehab projects moving, deal after deal.

## CHAPTER 9

# The Work Write-Up: Where Promises Become a Plan

**B**y now you've met the house, named the problems, dreamed a little, and invited numbers to the party. The **Work Write-Up** is where all of that turns into one clear plan everyone can live with—**you, your contractor, your lender, and your consultant**. Think of it as the final blueprint that answers five simple questions:

1. What exactly is getting done?
2. Why is it being done? (Required vs. smart vs. “we’ve always wanted this.”)
3. What will it cost—line by line?
4. How long will it take, and can you live there while it happens?
5. Who’s responsible for what, and how are they agreeing to it?

When the Work Write-Up is tight, the rest of the project flows. When it's fuzzy, everything downstream gets slow, expensive, or both.

## Why this stage matters so much

Lenders don't approve vibes—they approve **documents**. Your contractor doesn't build off intentions—they build off **scope**. You don't sleep better because you “talked about it”—you sleep better because everyone **signed the same plan**.

A good Work Write-Up becomes the project's **single source of truth**. It organizes repairs into three buckets you already know from earlier chapters:

- **Mandatory** (safety, structural, code, HUD/MPS items),
- **Recommended** (smart while we're here),
- **Desired** (your wish list).

It also captures **photos**, **line-item pricing**, expected **permits**, a realistic **timeline**, and whether the home will be **uninhabitable** for any stretch (which matters for your budget—more on that in a second).

## Money talk (the helpful kind)

Here's what most borrowers love to hear at this stage: many of the “mystery costs” are finally demystified.

- **Consultant fees** (for the site visit and the Work Write-Up itself) are typically **reimbursed through the loan**—they aren't an extra burden on top of your down payment. You may pay something up front, but the Work Write-Up shows how those dollars are credited and reimbursed.
- **Draw inspection fees** (the check-ins during construction) are usually **escrowed** in the loan—again, not surprise out-of-pocket later.
- If the home will be **uninhabitable** for a period (say, the kitchen and baths are all torn out at once), **FHA 203k** even allows you to **roll in several months of mortgage payments** so you're not paying for a place you can't live in while you're also paying for where you are living. Most projects only need a few months, but the cap can go up to 12 in special cases.
- About **materials**: in today's world of expensive supplies, **HUD does allow** a portion of material costs to be handled **prior to closing, at the lender's discretion**. Sometimes those funds go to the contractor; sometimes directly to a specific supplier. Either way, it requires **written documentation** (purchase orders, invoices) and an **explicit lender sign-off**. It's not used on every deal, but it's there when it helps keep a project on schedule.

Bottom line: the Work Write-Up is where the financing structure is aligned with the **real** scope so the money can show up **when** and **where** it's needed.

## **Timelines, living arrangements, and grown-up expectations**

Two decisions in the Work Write-Up affect real life very quickly:

- **Timeline & draws.** How long will the work take, and how many checkpoints (draws) make sense for the size of the project? This isn't about speed for speed's sake—it's about pacing the work so quality and cash flow stay in step.
- **Uninhabitable months.** Some projects let you live in one half of the house while the other half is under construction. Others... don't. Declaring this honestly in the Work Write-Up helps keep you from financial contortions later.

And because we're being adults about it: **no work starts before closing** on renovation loans. Not by the seller, not by the buyer. The Work Write-Up locks the plan; closing funds the plan; then the hammers swing. That sequence protects everyone.

## A “trim the sails” moment (real-world story)

I once worked with a family who wanted to do *everything*—new systems, new kitchen, new floors, all the pretty things. By the time bids came back, the lender asked us to reduce the budget by about \$10,000. No drama. Because we’d already separated **mandatory, recommended, and desired** in the Work Write-Up, trimming was a conversation, not a collapse. We kept the must-dos, delayed a couple of nice-to-haves, and kept the project—and the rate lock—intact.

That’s the hidden gift of a solid Work Write-Up: you can scale up or down **without** starting over.

## Agreements that keep the peace

The Work Write-Up stage is also where you (and your contractor) typically **acknowledge the plan in writing**. Many lenders use their own forms; some consultants also include a simple **homeowner–contractor agreement** that sets expectations like:

- Begin work **within a week** of closing,
- Complete work **within the program timeline**,
- Use written, approved **change orders** for anything that shifts.

It's amazing how much smoother a project runs when those expectations are spelled out **before** the demo dumpster ever arrives.

## Myths, meet reality

**“We’ll just start early to save time.”**

Not with a rehab loan. The protection is in the process: plan, close, then build.

**“My contractor needs half up front or it can’t happen.”**

Renovation loans pay through **escrow, after closing**, based on work completed. In today’s market, **some material costs** can be arranged **before closing** if the **lender approves** and the paperwork is in order—but it’s not a blanket rule, and it must be documented.

**“We’ll figure out finishes later.”**

Not a good idea. The Work Write-Up should capture allowances or selections now so the lender knows what they’re lending against—and your bid doesn’t unravel mid-project.

**“We’ll definitely live there during construction.”**

Maybe! But be honest. If you can’t, the Work Write-Up is where the loan can be structured to cover a short stretch of mortgage payments while the home’s uninhabitable.

## Throwback—and why life is better now

When I wrote *Insights of a Successful 203k Consultant*, Work Write-Ups were a patchwork: paper proposals, emails, spreadsheets, and plenty of “Wait, which version is final?” Today, most of us use systems (I built one, Genesis) so the **scope, photos, pricing, permits, timelines, and signatures** live in one place. That doesn’t just make the consultant happy—it makes underwriters quicker and contractors calmer.

If you’re a consultant reading along and you want the **step-by-step** on building the Work Write-Up inside Genesis, NAFHAC’s trainings walk through every click. This chapter is about the **why** and **impact** so everyone—borrowers, agents, lenders—can see how the piece fits.

## Pro Tips — Work Write-Up Edition

- **Start with truth.** Don’t sand the edges on timelines or livability to “make it fit.” Realistic plans save money and sanity.
- **Insist on clarity.** Every line should say *what’s being done, where, how many/what type, and who’s responsible*. Vague scopes make vague projects.
- **Protect your runway.** Signatures matter. So do start/finish expectations. Get them in writing now; refer to them later.

- **Use the buckets.** Mandatory, recommended, desired isn't just tidy—it's how you make smart tradeoffs if the budget needs a haircut.
- **Know your cushions.** Contingency, possible mortgage-payment escrow, and lender-approved material handling are safeguards, not luxuries. Use them thoughtfully.
- **Remember the sequence.** Plan → close → build. That's how renovation loans protect you, your contractor, and the money.

## What's next

With the Work Write-Up signed and understood, you're ready for the part everyone thinks about first: **construction**. In the next chapter, we'll talk about **draws**—how the money is released in stages, how progress is verified, and how to keep momentum (and morale) high from the first nail to the final walkthrough.

And if you're a pro who wants the nuts-and-bolts tutorial for Genesis, NAFHAC has you covered with **step-by-step trainings** and live skill-building calls.

## CHAPTER 10

# **Draw Inspections: Keeping the Project (and the Money) on Track**

**B**y the time you reach the draw inspection stage, your project has momentum. The loan has closed, the contractor has started, and progress is finally visible. But here's the catch: this is also the phase where things can get messy. Payments, schedules, and multiple trades all collide, and without careful oversight, small issues can snowball into big delays. In this chapter, we'll look at why draw inspections are more than just paperwork—they're the glue that holds a renovation project together, especially when subcontractors are in the mix.

### **Why Draw Inspections Matter**

Draw inspections serve as checkpoints that ensure work is being done correctly, on time, and in line with the agreed scope. Think of them as mile markers along the renovation highway. They give everyone—borrower,

lender, contractor, and consultant—a chance to pause, verify, and confirm that money and progress are moving together.

Without draw inspections, the system would be built on blind trust. But trust alone doesn't protect you when thousands of dollars and multiple moving parts are involved. That's why lenders require these inspections before releasing funds: to safeguard the investment and to protect borrowers from paying for work that hasn't been completed.

## **Subcontractors: The Hidden Players**

Here's something many first-time renovators don't realize: the general contractor rarely does all the work themselves. Plumbing, electrical, roofing, HVAC, even specialized finishes—these are usually handled by subcontractors. Each subcontractor operates almost like their own mini-business inside the bigger project.

Why does this matter during draw inspections? Because subcontractors typically want payment as soon as their portion is done, even if the overall project isn't ready to move forward. An electrician might complete the rough-in wiring weeks before drywall goes up. A roofer might finish in a few days while other trades won't be on site for months. If these pieces aren't coordinated, you can end up with multiple people demanding money at different times.

Draw inspections make sure that payments to subcontractors are tied to visible, documented progress—not just promises or partial work.

### **Example: The Flooring Subcontractor**

Let's say a homeowner is renovating a duplex. The general contractor hires a flooring subcontractor to install hardwood in both units. The flooring crew completes one unit and submits their bill. Without a draw inspection, the contractor might pressure the homeowner for payment, arguing, "They did the work, they need to be paid."

But with a proper draw inspection, the consultant verifies the quality and completion of the flooring. The report ensures that only the finished portion is funded, protecting the borrower from overpaying for work that isn't fully done. It also prevents disputes later if defects or missing pieces are discovered.

### **Throwback: A Lesson from the First Book**

In the original book, I told the story of a kitchen remodel where the cabinet installer finished half the job and demanded full payment. Because a draw inspection hadn't been performed, the borrower ended up paying for unfinished work and was left scrambling when the installer never returned.

That lesson still rings true today. Subcontractors may not intentionally cause problems, but their timelines and payment expectations don't always align with the larger flow of the project. Draw inspections keep everyone honest and accountable.

## **Coordinating Multiple Trades**

One of the challenges consultants face during draw inspections is juggling multiple subcontractors at different stages. On a single inspection day, you might see:

- A plumber finishing rough-in work
- An HVAC team just starting installation
- A painter preparing walls
- A roofer completing their final section

Each of these trades may want to be paid for “their” portion, but the inspector has to view the project as a whole. The draw inspection creates a unified snapshot, tying all the moving parts together into one accurate report.

This prevents what I call “payment pileups”—when several subcontractors all ask for money at once, creating confusion about who should be paid and how much.

## Protecting the Borrower


Remember, the borrower is often caught in the middle. They don't always know which subcontractors were promised what, or how much work has really been completed. Draw inspections protect them from being pressured into writing side checks or advancing money outside of the approved loan process.

I've seen homeowners so eager to keep their project moving that they handed over personal funds to subcontractors "just to keep things going." That almost always backfires. Once payments fall outside the controlled draw process, it becomes difficult—sometimes impossible—to reconcile the numbers.

## A Balanced Process

For subcontractors, draw inspections may feel like red tape. But when explained correctly, they see the value. Payment is tied to clear documentation, which protects them as much as the borrower. Once subcontractors understand that the draw process is consistent, transparent, and ensures funds are available when the work is done, most are relieved to operate within that system.

## Pro Tip

 **Pro Tip:** While borrowers and real estate agents don't need to know all the behind-the-scenes mechanics,

it's helpful for them to understand that subcontractors are part of almost every renovation project. When you hear a contractor say, "We're waiting on the plumber," or "The drywall guys will be here next week," you'll know these are separate professionals whose work (and payment) is being tracked through the draw process. For consultants reading this—NAFHAC provides detailed training and tools through Genesis to manage subcontractor coordination step by step, so you never feel lost in the process.

## **Wrapping It Up**

Draw inspections aren't just about numbers on a form. They're about keeping the project on track when multiple players are involved. They protect the borrower from overpaying, give subcontractors confidence they'll be compensated, and reassure lenders that funds are being released responsibly.

Most importantly, they bring order to the natural chaos of renovation. Without draw inspections, subcontractors, contractors, and borrowers would all be pulling in different directions. With them, everyone stays aligned—and the project moves forward smoothly toward completion.

## CHAPTER 11

# **The Final Inspection & Closeout**

**B**y the time you reach the final inspection, everyone involved is usually breathing a sigh of relief. Buyers are excited to move into their newly renovated home. Contractors are eager to wrap things up and collect their last payment. Lenders are ready to close the file. And consultants like me? We're focused on making sure all the loose ends are tied up so this project can be put to bed the right way.

This chapter is all about that moment — the last official step in the flow of a rehab loan project. But don't be fooled. Just because it's the last step doesn't mean it's the easiest. In fact, the final inspection and closeout is where you make sure all the hard work of the past weeks (or months) really pays off.

## **Why the Final Inspection Matters**

The final inspection is more than a quick walk-through to say “looks good.” It’s the consultant’s responsibility to verify that everything promised in the work write-up was actually done — and done properly.

Think of it this way: the lender doesn’t release that final payment to the contractor until someone they trust — you, the consultant — confirms the work is complete. Without this safeguard, borrowers could be left with unfinished jobs or contractors who disappear before the paint is dry.

For homeowners, the final inspection is peace of mind. For contractors, it’s payday. For the lender, it’s assurance that the funds they managed were used correctly. Everyone has a stake in this visit, which is why it’s so important.

## **What “Complete” Really Means**

Here’s a common misunderstanding: some people think “substantial completion” means good enough. Not in rehab loans. HUD and Fannie Mae are very clear — the project isn’t done until every item on the agreed-upon scope of work is complete (or officially changed through a signed change order).

That means:

- If a contractor installed new cabinets but forgot the hardware? Not done.
- If the bathroom is beautifully tiled but the caulking is missing? Not done.
- If the paint looks fresh but the second coat in the closet was skipped? Still not done.

And here's where things can get tense. Contractors may argue that the missing piece is "minor." But the truth is, if it's in the scope, it needs to be finished. Period.

## **The Subcontractor Puzzle**

Here's where I want to circle back to something from *Insights of a Successful 203k Consultant*. In that book, I shared stories about the challenge of working with subcontractors. Let me tell you — those lessons come roaring back at the final inspection.

Many general contractors use subcontractors for specialized work: electricians, plumbers, roofers, HVAC. And sometimes, those subs don't operate on the same timeline as the GC. The GC says the job is done, but the electrician still hasn't installed the outlet covers. The roofer hasn't dropped off the warranty paperwork. The HVAC guy still hasn't registered the system.

As a consultant, part of my job is making sure each subcontractor's piece is truly wrapped up. If the GC hasn't wrangled them all into line, I can't sign off. And that can hold up their final payment. Borrowers should

know this up front: *the GC is responsible for the whole job, including the subs.*

## **A Borrower's Story: From Chaos to Completion**

Let me share a story that captures the importance of the final inspection.

A young couple in Pennsylvania bought a foreclosure that had been sitting empty for years. Their 203k Standard loan covered everything from a new roof to a full kitchen rehab. The GC did a good job on the big-ticket items, but when I showed up for the final inspection, I found little details undone — missing smoke detectors, an unfinished stair railing, no insulation in the attic hatch.

The couple was so eager to move in that they begged me to sign off anyway. But I had to hold the line. I explained, “If I sign today, your contractor gets his final check. And once he has it, you lose your leverage to get these things finished.”

They understood, and we gave the contractor a punch list. Two weeks later, everything was complete. And guess what? A year later, they told me those “small” items made all the difference in how safe and comfortable their home felt.

## **Paperwork Isn't Optional**

Just like the work itself, the paperwork matters at the final inspection. Contractors need to provide:

- Lien waivers (to prove they've paid their subs and suppliers)
- Warranty documents (for items like roofs, appliances, or HVAC systems)
- Permit sign-offs (final inspections from the town or county)

Borrowers may find this part frustrating — after all, they just want the keys. But the paperwork protects them. If a roof leaks six months later, that warranty could be the difference between a \$100 call and a \$10,000 nightmare.

## **The Emotional Payoff**

Here's the part I love most: seeing the borrower's reaction when I say, "Congratulations, you're done." For them, it's the moment the rehab loan transforms from stress and construction dust into a dream realized.

I'll never forget a single mom I worked with who used a 203k to renovate a HUD home near her parents. At the final inspection, her little girl ran through the finished house shouting, "This is our home!" That's the kind of moment that keeps me passionate about this work.

## Throwback: Why Closeout Is Worth the Wait

In *Insights of a Successful 203k Consultant*, I wrote about how borrowers often underestimate the importance of closeout. They're tired, stressed, and sometimes broke from living in temporary housing. But those extra weeks it takes to get to a proper final inspection? They're worth it.

Skipping steps or rushing the process might feel good in the moment, but it can cost you later. One borrower I worked with years ago signed off too early. The contractor never came back to finish the basement bathroom. That unfinished space nagged at them for years, lowering the value of their home and creating endless frustration.

So here's the takeaway: *hold firm until the final inspection is complete*. Your future self will thank you.

## Pro Tip for Borrowers

**Keep a “punch list” of small items throughout construction.** Instead of trying to remember everything at the final inspection, keep a running list of things you notice. A missing doorstop, a paint drip, a loose hinge. That way, you'll have everything documented when it's time to sign off.

## Closing Thoughts

The final inspection and closeout isn't glamorous. It's not about big design choices or dramatic before-and-after photos. It's about details, accountability, and ensuring everyone delivers on their promises.

For borrowers, it's the difference between moving into a finished, livable home and being stuck with lingering problems. For contractors, it's the final paycheck that closes out their responsibility. For consultants, it's the satisfaction of knowing the project is truly complete.

And for me, Catherine Hall, it's always the best moment — standing in a finished home, looking around with the borrower, and knowing I've helped turn potential into reality.

## Recap: The Flow of a Rehab Project

We've just walked through the entire journey of a rehab loan project — from that very first pre-inspection to the final sign-off. And if there's one thing you've probably noticed, it's this: every single phase matters.

Each step we covered — **pre-inspection, contractor bidding, the work write-up, draw inspections, and final closeout** — builds on the one before it. Skip one, rush one, or cut corners, and the whole project can wobble. But when you take your time, lean on the right people, and keep the process flowing, the results can be life-changing.

For **borrowers**, this flow is your roadmap. It tells you what to expect, what questions to ask, and why patience pays off.

For **real estate agents and loan officers**, it's a reminder that your clients aren't just buying a house — they're taking on a journey. Helping them find the right consultant and explaining this process upfront is what sets you apart as a trusted guide.

For **contractors**, it's proof that organization and communication are just as important as swinging a hammer. Getting paid on time, building a reputation, and keeping future referrals all hinge on mastering this flow.

And for **consultants**, whether you're brand new or have been doing this for years, this is your playbook. Each project teaches you something new, but the flow is the anchor that keeps you on track.

## A Throwback Reminder

In *Insights of a Successful 203k Consultant*, I shared this truth: *Rehab projects don't fail because of bad houses. They fail because of bad processes.* A solid process is what turns a distressed property into a dream home. And that process is exactly what we've laid out here.

## The Bigger Picture

But here's the thing — knowing the flow is just the start. If you really want to succeed in this world of rehab loans, you need two more things:

1. **Training and Certification** — so you can walk into any project with confidence.
2. **Community and Support** — because no consultant, agent, or contractor should have to figure this out alone.

That's where NAFHAC comes in.

In the next section of this book, we're going to dive into what it takes to get certified, why NAFHAC membership is the smartest move you can make, and how these tools and resources will set you apart in your business.

If you're a borrower reading this, don't worry — this matters for you too. Because at the end of the day, your success depends on who you choose to stand beside you. And nothing guarantees a smoother, more successful rehab loan experience than working with a NAFHAC-certified consultant.

So take a deep breath — you've now seen the flow from start to finish. Next, let's talk about how to make sure you (or your consultant) are truly prepared to put this knowledge into action.

## CHAPTER 10

# Getting Certified – Why NAFHAC Is the Gold Standard

### Getting Certified: Why NAFHAC Is the Gold Standard

When we finished the last section — the full flow of a rehab project — you saw just how much moving parts matter. It's not just about fixing a roof or redoing a kitchen. It's about timing, paperwork, communication, inspections, and money management. And here's the truth: the difference between a smooth, successful project and a nightmare that drags on for months almost always comes down to one factor — **how well the consultant is trained.**

That's why certification isn't just a nice credential to have. It's the bedrock of trust in this business.

## Why Certification Matters

Think of a certification like a pilot's license. You wouldn't want to fly with someone who just read about planes on the internet, right? You want the person at the controls to know not only how to take off and land but also how to handle turbulence.

It's the same with rehab consulting. Borrowers, real estate agents, and lenders need to know that their consultant isn't just "winging it." A certified consultant has been trained on the rules, the regulations, and the best practices. They know how to guide a borrower through sticky situations, how to keep contractors accountable, and how to make sure the lender's money is safe every step of the way.

Without certification, a consultant is basically guessing. And guessing is expensive.

## What Makes NAFHAC Certification Different

There are plenty of courses out there, but **NAFHAC certification is unique because it goes beyond the basics.**

Most programs will teach you the rules of the 203k or Fannie Mae Homestyle loan. NAFHAC does that too, but it doesn't stop there. It teaches you the *real-world application* — how to manage the flow of projects, how to work with lenders, how to market yourself, and how to

handle the curveballs that every rehab loan throws at you.

This isn't theory. It's hands-on, tested, battle-proven training designed by people who've been in the trenches for decades.

And perhaps most importantly — NAFHAC certification isn't a one-time class. It's a community. When you get certified through NAFHAC, you're also plugging into ongoing calls, updated resources, and a network of consultants across the country who are ready to share what they've learned.

## The Borrower's Perspective

If you're a borrower, you might be wondering: *Why should I care if my consultant is NAFHAC-certified?*

Here's why:

- It means your consultant has access to the **latest HUD guidelines** and updates (which change more often than you'd think).
- It means they've been trained to protect your money — ensuring that no contractor gets paid before the work is properly inspected.
- It means they understand the entire flow of the process (the one you just learned about in the last five chapters) and won't let anything slip through the cracks.

- And it means if something goes sideways, they're not scrambling — they already know how to get the project back on track.

Borrowers who hire NAFHAC-certified consultants sleep better at night. Simple as that.

## A Throwback

In *Insights of a Successful 203k Consultant*, I wrote about my early days as a consultant. I'll be honest: I learned a lot by trial and error. Back then, there wasn't a strong support system or a clear path to certification that covered both the technical and business sides.

I still remember one of my first projects where a contractor went completely silent halfway through the rehab. I had to scramble, make phone calls, and lean on my wits to save the project. That experience taught me the importance of having not just knowledge, but a **network** — people I could turn to for answers and guidance.

That's exactly why NAFHAC exists today. It gives consultants what I didn't have back then: training, community, and a safety net.

## What to Expect From the Certification Process

Here's a quick snapshot of what becoming NAFHAC-certified looks like:

1. **Training Modules** – Covering everything from HUD's guidelines to working with Genesis reporting software.
2. **Practice Projects** – So you don't just learn it, you *do* it.
3. **Mentorship Calls** – Where experienced consultants walk you through real-world cases.
4. **Ongoing Support** – Because certification isn't the end; it's just the beginning of your growth.

By the time you're certified, you'll not only know how to run a rehab loan project — you'll know how to run it with confidence.

## Pro Tip for Consultants

If you're new to this field, don't try to reinvent the wheel. Every form, every process, every challenge you'll face has already been encountered (and solved) by someone in the NAFHAC community. Tap into that wisdom. Lean on the training. Use the Genesis system. It's all there to make sure you succeed faster and with fewer headaches.

## Where We're Headed Next

Now that you understand the value of certification, the next natural question is: *What does membership give me beyond the certificate?*

Because at the end of the day, the certification is just your entry ticket. The real magic happens when you become part of a community that's constantly learning, improving, and expanding opportunities for everyone involved in rehab loans.

That's where we're going next — into the world of **NAFHAC membership**, and why it's the most powerful advantage you can have in this business.

## CHAPTER 11

# The Power of NAFHAC Membership

If you've followed along through the earlier chapters, you've seen the many moving parts of a rehab project. We've walked through the loans themselves, the flow of a project, the highs, the hurdles, and all the hands that have to come together to get to that glorious finish line: a home that feels new, safe, and perfectly suited for its owner.

But here's a truth that needs to be said out loud—this process is **not easy**. It's not a single-player game. And success rarely comes from luck or guesswork. Success comes from being equipped, supported, and surrounded by people who know what they're doing.

That's where NAFHAC comes in.

NAFHAC—the National Association of FHA Consultants—isn't just a professional association. It's a movement, a family, and a lifeline for everyone involved in making rehab dreams a reality.

## **Why Membership Matters for Homeowners and Buyers**

Let's start with you, the buyer or homeowner. Why should you care whether your consultant is a member of NAFHAC?

Because it's your money, your time, and your home on the line.

A NAFHAC consultant is not just another name on a HUD roster. They've chosen to invest in ongoing training, to stay updated on ever-changing HUD guidelines, and to sharpen their tools with the latest technology and reporting systems. When you hire a NAFHAC consultant, you're not hiring someone who's winging it—you're hiring someone who has a nationwide network at their back, access to a library of resources, and real-time answers from peers and mentors when tricky situations pop up.

Think of it this way: would you rather go into a major surgery with a doctor who graduated 15 years ago and never went back for training, or with one who is constantly in the loop, learning the latest procedures, and connected to the best in their field? Exactly.

## **Why Membership Matters for Consultants, Inspectors, and Lenders**

Now let's flip perspectives. If you're a consultant, inspector, contractor, or lender reading this, you already

know the reality—this industry can be isolating. You're juggling borrower expectations, lender requirements, contractor schedules, and HUD regulations. It's easy to feel like you're out there alone, trying to hold it all together.

NAFHAC solves that.

Membership gives you:

- **Community** – A network of peers who've been in your shoes and can share what works.
- **Coaching and Training** – Regular skill-building calls, archived resources, and live masterminds that keep you sharp.
- **Tools** – From Genesis rehab reporting systems to checklists, templates, and marketing aids that save you hours and mistakes.
- **Credibility** – Being part of NAFHAC sets you apart. It signals to borrowers, lenders, and agents that you're not just in this industry—you're invested in doing it right.

And here's the kicker: NAFHAC members don't just survive. They thrive. Because they aren't wasting energy reinventing the wheel. They're building on proven systems that have been tested across hundreds of projects nationwide.

## **A Win-Win for Everyone in the Flow**

The beauty of NAFHAC membership is that it doesn't just benefit one party—it strengthens the whole ecosystem.

- Buyers get consultants who are prepared, accountable, and resourceful.
- Consultants get support, systems, and training that help them do excellent work.
- Lenders and agents get peace of mind knowing the consultant on the file can guide the project smoothly and protect the deal.

It's a ripple effect. When one link in the chain is strong, the whole project benefits. And when all the links are NAFHAC-strong? That's when magic happens.

## **A Throwback: Learning the Hard Way**

I'll never forget one project early in my career where a borrower called me in tears. The contractor had disappeared mid-job, the lender was frustrated, and the consultant they'd started with had no idea how to handle the mess. By the time I stepped in, thousands of dollars had been wasted and trust had been shattered.

If that consultant had been connected to NAFHAC, they would have known what to do when the red flags started flying. They would have had mentors to call, archives to search, troubleshooting guides at their

fingertips. Instead, the borrower was left scrambling and the project nearly died.

That's why membership matters. Because real lives and real investments hang in the balance.

### **Pro Tip (for Professionals)**

If you're already a consultant—or thinking of becoming one—know this: the step-by-step technical training on things like work write-ups and draw inspections is available in detail through NAFHAC. Don't try to learn the hard way. Dive into the archive, join the calls, and practice with the tools. The more you sharpen your skills in the safety of community, the smoother your projects will go in the field.

### **The Bigger Picture**

At the end of the day, NAFHAC is about raising the standard. For buyers, it's about confidence. For professionals, it's about excellence. And for the industry as a whole, it's about proving that renovation loans aren't a hassle—they're a gateway to stronger communities, revitalized homes, and new opportunities.

Membership isn't just a badge. It's a promise. A promise that when you see the NAFHAC name, you're dealing with someone who is prepared, supported, and committed to making the process as smooth as possible.

And that's powerful.

## A CLOSING CHAPTER

### **The Journey Ahead**

**A**s we wrap up this book, I want to pause and say thank you. Thank you for walking through this journey of rehab lending and consulting with me. If you've made it this far, it means you care about more than just buying, selling, or fixing up houses — you care about building opportunity. You care about creating homes where families can thrive, communities can grow stronger, and dreams that once felt out of reach can become reality.

Rehab loans can look complicated on the surface, but by now you've seen that what they really offer is possibility. The FHA 203k, the Fannie Mae Homestyle, the VA and USDA renovation loans, even the energy efficiency options — they all exist to solve a simple but important problem: too many homes sit ignored or undervalued because they need work. These programs unlock those homes and put them back into circulation. And with the right team in place, they become powerful wealth-building tools for everyday people.

But here's the truth: success with rehab loans isn't just about the program. It's about the people. Who you choose to partner with can make or break the process. That's why I've emphasized NAFHAC throughout this book — because whether you're a buyer, an agent, a lender, or a contractor, connecting with a trained, certified consultant changes everything.

### **For Buyers and Homeowners**

If you're buying your first home, moving closer to family, or upgrading to fit your lifestyle, a rehab loan can be your way in. Don't walk away from the “ugly duckling” house. With the right financing, that property can become your perfect home. And don't do it alone — work with a NAFHAC-certified consultant. That's your guarantee that the person walking you through budgets, repairs, and timelines knows how to keep you protected and on track.

### **For Real Estate Agents**

If you're an agent, rehab loans should be in your toolkit. They open up more inventory for your buyers and give you the ability to close deals that other agents might pass on. But here's where it gets even better: NAFHAC has built a **Partners program for agents and lenders**. This resource gives you education, marketing materials, and direct support so you can confidently guide your clients through the rehab loan process. It's

not just about knowing rehab exists — it's about showing your clients you have the inside track. You can learn more at NAFHAC Partners.

## **For Lenders**

As a lender, you already know these loans can be complex. But you also know they represent an untapped market. By aligning with NAFHAC-trained consultants — and by joining the NAFHAC Partners program — you put yourself in a position to say yes more often. That means stronger relationships with agents, happier borrowers, and a reputation as the go-to loan officer for renovation lending.

## **For Contractors**

If you're a contractor, working with a consultant can feel like one more layer in the process — until you realize how much easier it makes your job. No more vague scopes or surprise lender requirements. You get clean, detailed work write-ups, clear communication, and faster payment processing.

And here's something important: in most cases, your experience and credentials already qualify you to become a HUD-approved consultant. Whether or not you want to pursue that as a career path, getting NAFHAC certified is a valuable education. It gives you an inside look at the requirements, expectations, and flow of rehab projects. That means you'll know exactly what lenders and

consultants are looking for, which protects you, builds trust with your clients, and helps you finish projects faster. Even if you never wear the consultant “hat,” the knowledge you gain through certification will strengthen your business and reputation.

## **A Bigger Mission**

At the end of the day, NAFHAC is more than a membership — it’s a movement. We are building a network of professionals who believe in the power of rehab to transform communities and open doors for families who might otherwise be locked out of homeownership.

And that’s where you come in. Whether you’re a buyer who insists on using a NAFHAC consultant, a contractor who chooses to get certified, an agent who joins the NAFHAC Partners program, or a lender who commits to making these loans part of your business, you become part of that movement.

## **A Personal Word**

I’ve spent decades in this work. I’ve coached, trained, and walked alongside hundreds of professionals across the country. And what I’ve seen again and again is this: when you combine the right financing with the right guidance, the impossible becomes possible.

So as you close this book, don’t just file it away. Take action. Connect with NAFHAC. Ask questions. Get

trained. Partner with the people who will make your journey smoother.

And if you want to take the next step — whether as an individual buyer, a contractor, or a company looking to grow — I'd love to connect with you directly. Beyond my work with NAFHAC, I coach, consult, and speak to groups across the real estate industry. My passion is helping people see bigger possibilities for themselves and then giving them the tools to make those possibilities real.

Together, we can keep building not just homes, but futures.

Until I am able to support you in the future,  
-BE OUTSTANDING

✦ **Pro Tip (for everyone):** If you remember nothing else, remember this — choose your people wisely. A house is bricks and wood. A loan is numbers on paper. But the right consultant, the right team, and the right guidance? That's what turns potential into reality.

## APPENDIX A

# 203k Consultant Certification Requirements

- **Experience:** Minimum 3+ years in construction, architecture, engineering, home inspection or related field.
- **Credentials:** Proof of state licensing or trade experience.
- **HUD Application:** Completion of the HUD Consultant Roster application.
- **Examination/Approval:** Meeting HUD standards for knowledge of property standards and rehab processes.

**Continuing Education:** Importance of ongoing training — with NAFHAC offering advanced certification and skill-building.

## APPENDIX B

# Index of Important Sites & References

- **HUD 4000.1 Handbook** (current FHA guidelines)
- **HUD 203k Consultant Roster**
- **Fannie Mae Homestyle Resources**
- **VA & USDA Renovation Loan Guidelines**
- **Genesis Rehab Reporting System**
- **NAFHAC Dashboard & Member Resources - [dashboard.nafhac.org](https://dashboard.nafhac.org)**
- **NAFHAC Partners Program – [success.nafhac.org/nafhacpartners](https://success.nafhac.org/nafhacpartners)**
- **Educational Resources:** CEU courses, webinars, and NAFHAC event

## APPENDIX C

### **Glossary**

**T**his glossary is designed to be more than just definitions. Think of it as your quick-reference guide — a place to remind you what different words mean, why they matter, and how they fit into the bigger picture of a rehab loan project.

#### **A**

##### **Add-On Improvements**

Improvements beyond the required repairs. These can include cosmetic upgrades like new cabinets, flooring, or landscaping. With 203k and Homestyle loans, add-ons can be financed along with required repairs.

##### **After-Improved Value (AIV)**

The estimated value of a property after all planned renovations are complete. This is critical because the loan is

based not just on today's value, but on what the home will be worth when finished.

### **Appraisal**

An independent estimate of value required for all rehab loans. For 203k, the appraiser uses the consultant's work write-up to calculate the after-improved value.

## **B**

### **Borrower**

The person taking out the rehab loan. Borrowers are at the heart of this book, and their success depends on choosing the right loan and the right team.

### **Builder's Risk Insurance**

A type of insurance sometimes required during construction to protect against damage or loss.

### **Building Permit**

Authorization from a local government that work meets code requirements. Lenders require proof permits are pulled before releasing certain funds.

## **C**

### **Change Order**

A written request to alter the original scope of work after closing. All change orders must be approved by the lender and consultant before work proceeds.

### **Closing**

The official transfer of the property and loan funding. Remember: *no repairs are made before closing* with rehab loans. All work starts after this point.

### **Consultant**

A HUD-approved 203k consultant guides the borrower, creates the work write-up, inspects the work, and protects the lender's interest. For contractors, loan officers, and agents: knowing what a consultant does helps you serve your clients better.

### **Contingency Reserve**

Extra funds (usually 10–20% of the repair budget) set aside to cover unforeseen issues uncovered during renovations.

## **Contractor**

The licensed professional who performs the renovations. In NAFHAC's view, a contractor's experience often qualifies them to train as consultants — even if they don't want to practice, the knowledge makes them more effective on rehab jobs.

## **D**

### **Draw**

A disbursement of loan funds to pay contractors as work progresses. Inspections confirm the work is complete before money is released.

### **Draw Inspection**

A consultant's visit to verify completed work and authorize release of funds. Without this step, contractors cannot be paid.

## **E**

### **Energy Efficient Mortgage (EEM)**

A loan program that lets borrowers finance energy-saving improvements, often combined with 203k or Home-style loans. Great for upgrading insulation, windows, HVAC, or renewable energy.

### **Escrow Account (Rehab Escrow)**

Where repair funds are held by the lender after closing. Money is drawn from escrow as work is completed.

## **F**

### **Fannie Mae Homestyle Loan**

A conventional rehab loan available for primary residences, second homes, and investment properties. Unlike FHA, it does not require FHA mortgage insurance but follows stricter credit rules.

### **FHA 203k Loan**

An FHA-backed rehab loan that comes in two forms: *Limited* (for minor, non-structural repairs under \$75,000) and *Standard* (for larger projects). Unique benefits include allowing mixed-use properties and rolling in up to 6 months of mortgage payments while the home is uninhabitable.

### **Fee Schedule (HUD)**

The published list of consultant fees that HUD allows, covering inspections, work write-ups, and draw reviews.

## **G**

### **Genesis Rehab Reporting System**

NAFHAC's proprietary software for consultants to manage 203k projects efficiently. Borrowers benefit when their consultant uses this tool, since it ensures accuracy and smooth communication with lenders and contractors.

### **Good Neighbor Next Door Program**

A HUD program offering teachers, firefighters, police officers, and EMTs a 50% discount on select HUD-owned homes — often in need of rehab. When paired with a 203k loan, it can be a life-changing opportunity.

## **H**

### **HUD (Department of Housing and Urban Development)**

The federal agency overseeing FHA and 203k programs. HUD sets the rules that all consultants, lenders, and contractors must follow.

### **HUD Consultant Roster**

The official list of approved FHA 203k consultants nationwide.

## **I**

### **Inspection (Property)**

The consultant's or home inspector's evaluation of the property's condition. For 203k, this includes identifying repairs required by HUD's Minimum Property Standards.

### **Interest Payments (Financed Mortgage Payments)**

Unique to FHA 203k: borrowers can roll up to 6 months of mortgage payments into the loan while the home is uninhabitable.

## **L**

### **Lien Waiver**

A legal document contractors sign to confirm they've been paid for completed work and won't file a lien against the property.

### **Limited 203k**

A streamlined version of the FHA 203k loan, designed for smaller projects under \$75,000 that do not involve structural repairs.

### **Loan Officer**

The lender's representative who guides borrowers through the mortgage application and approval process. Strong partnerships between loan officers and consultants are key to smooth rehab projects.

## **M**

### **Mixed-Use Property**

A property with both residential and commercial spaces. FHA 203k and Homestyle can finance renovations on the residential portion (but not the commercial part).

### **Mortgagee Letter**

Official HUD guidance updating rules for lenders and consultants.

### **Mortgage Insurance Premium (MIP)**

An insurance cost required on FHA loans, protecting lenders in case of borrower default.

## **N**

### **NAFHAC (National Association of FHA Consultants)**

The professional association supporting consultants, contractors, agents, and lenders in rehab lending. Membership provides access to training, tools, coaching, and the Genesis system. Borrowers are encouraged to always choose a NAFHAC-certified consultant for maximum confidence.

## **P**

### **Permits**

Government approval for construction work. Contractors must secure proper permits, and consultants confirm this during inspections.

### **Pre-Inspection**

The consultant's first site visit to assess property condition and identify needed repairs. This sets the stage for the entire rehab project.

### **Principal Residence Requirement (FHA)**

Borrowers must occupy the property as their primary residence when using FHA loans (with some exceptions like mixed-use or multi-family properties).

## **R**

### **Rehabilitation Escrow Account**

The account holding renovation funds, controlled by the lender.

### **Rehabilitation Mortgage**

Any loan that combines property purchase/refinance with renovation funds. Includes FHA 203k, Fannie Mae Homestyle, and VA/USDA rehab loans.

### **Required Repairs**

HUD mandates that properties financed with FHA loans meet Minimum Property Standards. These required repairs must be included in the scope of work.

## **S**

### **Scope of Work**

A consultant-prepared document outlining all required and elective repairs. This is the roadmap contractors and lenders follow.

### **Standard 203k**

The full version of FHA's 203k loan, used for major projects, structural changes, or when costs exceed the Limited program cap.

### **Subcontractors**

Specialized trades (plumbing, HVAC, electrical) often hired by general contractors. Each subcontractor must be tracked for insurance, permits, and lien waivers.

## **T**

### **Title Update / Title Policy**

A lender safeguard ensuring no liens or claims affect the property during the rehab process.

### **Turnkey Property**

A home that is fully renovated and move-in ready — often the goal at the end of a rehab loan project.

## **U**

### **Underwriter**

The person at the lender who reviews all documents and ensures the loan meets FHA or Fannie Mae guidelines.

### **USDA Rehab Loan**

A rural-focused program that allows repairs and renovations in eligible areas, sometimes overlapping with FHA or Fannie Mae programs.

## **V**

### **VA Renovation Loan**

A loan for eligible veterans that allows repairs and upgrades to be financed into a VA mortgage. Like 203k, it requires proper oversight and inspections.

### **Vacant Property**

A home that has been unoccupied. These are often prime candidates for rehab loans, especially if they fail standard mortgage requirements.

## **W**

### **Work Write-Up**

The consultant's detailed report listing all repairs, estimated costs, and HUD-required items. This is the foundation of the entire loan.

## **Z**

### **Zero Dollar Change Order**

Paperwork used when a materials advance is needed but does not increase the overall loan amount. Ensures funds go directly to a supplier instead of the contractor.

## APPENDIX D

### About Catherine Hall

Catherine Hall is a nationally recognized leader in the home inspection and rehab consulting industry, with over a decade of experience coaching and mentoring professionals across the United States. As the Executive Director of the **National Association of FHA Consultants (NAFHAC)**, she has trained hundreds of consultants, inspectors, contractors, and lenders on how to build thriving businesses using renovation lending as a growth tool.

Beyond her leadership at NAFHAC, Catherine is an inspiring speaker and business coach. She brings a unique blend of **technical expertise, entrepreneurial spirit, and faith-driven vision** to her work. Having built her own success in a male-dominated industry, she now equips others — from first-time buyers to seasoned real estate professionals — to embrace opportunities, grow their businesses, and transform communities.

FROM 'AS IS' TO 'ALL YOURS'

Catherine is available for **speaking engagements, workshops, and private coaching** for individuals and groups across the real estate industry.



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