

# FHA 203(k) - Workflow

## Cardinal Financial Company - Wholesale

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## Overview

An FHA 203(k) loan is a government-insured program that enables a borrower to use a loan to both purchase a home and to renovate it. The renovation or repairs are made to a home that will serve as the borrower's primary residence.

For additional Octane assistance and submitting your FHA 203k Loan, send an email requesting access to [tpotraining@cardinalfinancial.com](mailto:tpotraining@cardinalfinancial.com).

Once you upload the 3.4 and create the loan in Octane, you will complete the workflow(s) and required steps prior to ordering the appraisal. In order to prevent a tolerance cure the project **MUST** be approved before ordering the appraisal.

## Workflow

### Brokers

1. Add Loan in Octane
  - a. 45- day lock is required to pull in 203(k) pricing
  - b. Setting up loan amount
    - i. Property Screen - Terms tab
      1. Change Financed Property Improvements to "yes"
      2. Enter Sale Price
      3. Estimated Construction cost added in it's separate section
      4. Add Sale Price + Est. Construction Cost= Estimated Value
      5. Save
      6. Confirm Loan amount calculations on Terms screen
2. Disclosure Preparation (Workflow screen)
  - a. Complete task
  - b. Clear criticals
  - c. Complete Step
3. Submittal Preparation
  - a. Upload Conditions
    - i. Required documents: Income, Assets, and purchase contract (if applicable)

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**b. Add Contractors information (Construction Screen)**

- i. Contractor & Work write up needed to order Appraisal
- c. Mark Task “Complete”
- d. Clear criticals
- e. Complete Step

**Construction Setup team (CFW)**

- 4. Set HUD Consultant (if applicable)
- 5. Set Construction Cost in Octane
- 6. Obtain Construction related documents
  - a. Broker must provide Contractor’s contact information & Work write-up
- 7. Validate Contractor

**Project Approved****Broker**

- 8. Order Appraisal
  - a. Project **MUST** be approved by the construction team **BEFORE** ordering
  - b. Manual appraisal order - contact WCA to submit
- 9. Resubmittal Work step
  - a. Provide remaining required conditions
  - b. Complete Task
  - c. Complete step
    - i. Continue until Final Approval is received

**CFW- Operations**

- 10. Closing
- 11. Funding

## Construction Setup team (CFW)

12. Construction Draw

## References

Reference List
<a href="#">Octane</a>

## Revision History

Date	Description	Approver
11.10.2021	Initial Release	Stephanie Sim...
3.8.2022	Reviewed	Erin Chung
6.30.2022	Change Summary	Stephanie Sim...
1.20.2023	Change Summary	Stephanie Simon