



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-1000

OFFICE OF HOUSING

NOV 17 2011

TO: All FHA 203(k) Consultants

SUBJECT: Eligibility requirements for 203(k) consultants in states requiring a home inspector's license

On September 13, 2011, the Department of Housing and Urban Development sent a letter to all 203(k) consultants informing them of HUD's work on updating HUD's List of Qualified 203(k) Consultants. In that letter, HUD instructed 203(k) consultants to provide proof of a valid home inspector license if the consultant was located in a state that required home inspectors to be licensed. The letter also informed 203(k) consultants that they would be removed from the 203(k) consultant roster if such proof was not received by January 1, 2012.

The Department received numerous inquiries regarding the home inspector license requirement since the issuance of the September 13, 2011 letter. It has been brought to the attention of the Department that some confusion exists among 203(k) consultants regarding the correct application of the eligibility requirement relating to state home inspector licensure laws as these state laws:

- 1) may exempt some individuals with certain professional credentials from the home inspector license requirement,
- 2) may have education and/or apprenticeship requirements that cannot be met prior to the January 1, 2012 deadline, or
- 3) may not require licenses of individuals who perform the tasks of a 203(k) consultant identified in 24 CFR §203.50(l) which include: (a) conducting a preliminary feasibility analysis before or after submission of the sales contract; (b) preparing the cost estimate, work write-up, and architectural exhibits required for rehabilitation of the property; (c) conducting a plan review; and (d) conducting the draw inspections for the release of funds during the construction phase of the project.

Due to the confusion noted herein, the Department is preparing additional guidance to clarify the Department's interpretation of the home inspection state licensure provisions of its regulations. To ensure all 203(k) consultants have the benefit of this clarification, the Department has determined that, at this time, no 203K consultant will be removed from the roster solely for failure to provide proof of a home inspector license by January 1, 2012, as stated in the September 13, 2011 letter.

If you have any questions concerning this notice, please contact Dene Symathong at 202-402-2975. Thank you for your assistance and cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Arlene M. Nunes". The signature is written in dark ink and is positioned above the printed name and title.

Arlene M. Nunes
Director
Home Mortgage Insurance Division