



203(K) CONTRACTOR INFORMATION ACKNOWLEDGEMENT

Contractor review and acceptance by the Lender is required for all transactions financed with a Renovation Loan. All Renovation work must be performed by a licensed, insured and qualified contractor and all work must be completed in a workmanlike manner. There must be a Home Owner Contractor Agreement signed by all parties.

PLEASE ATTACH A COPY OF YOUR LICENSE, LIABILITY INSURANCE AND WORKMAN'S COMP IF YOU HAVE EMPLOYEES ON THE JOB, OR A LETTER INDICATING WORKMAN'S COMP DOES NOT APPLY AND WHY.

Please acknowledge and initial the terms below on each line:

_____ **FIRST DRAW & PERMITS:** The project you are estimating will be financed using a FHA 203(k) renovation loan. All
INITIAL funds for the project are held by the servicing lender in a renovation escrow account. The first draw is available after the loan closes and the escrow is established with the servicing Lender. The homeowner will receive a notice from the servicing Lender as soon as that account is available.

_____ **ALL PERMITS:** must be issued by the local or state building departments before any work begins. Permits (as
INITIAL verified by the building department) must be put in place within 30 days of loan closing and prior to any funds being released from the renovation escrow. If the property is being refinanced, the permit must be applied for prior to loan closing with proof of application provided to servicing lender.

Permit: _____ Amount: _____
(Please note the city/county/village in which permits will be pulled) (Verified Permit Amount from Municipality)

_____ **DISBURSEMENTS FROM THE ESCROW ACCOUNT:** Distribution of funds takes place approximately 5 to 7 business
INITIAL days from the date of inspection. The funds are released through a draw process once the completed work has been inspected by the consultant. Inspection appointments must be scheduled with the Consultant. Requests to release funds must be signed by the contractor, Borrower and consultant. The contractor must provide a lien waiver for the full amount with each draw.

Contingency reserve funds can only be disbursed during the project for unexpected items that effect health, safety or code issues and can be requested through a change order. After the project is completed the homeowner may use the contingency reserve for additional work through a change order request.

If a change order is being requested, the change order must be approved by the servicing lender prior to the work being done, then after the work is completed and inspected the contractor must provide an invoice for additional funds. The Consultant will complete the inspection and draw form to deliver to the lender.

Checks are payable to both the borrower & the contractor, sent to the borrower's address (verify correct address for borrower) and then signed over by borrower to contractor.

_____ **MATERIALS AND SUPPLIES:** Funds are NOT advanced for deposits toward or purchase of materials. Funds are
INITIAL released only for work that has been installed, completed and inspected.

_____ **PLANS AND SPECIFICATIONS:** The Contractor's bid must agree with the Specification of Repairs provided
INITIAL by the Consultant. A consultant will provide the borrower with the work write up for the project including the Plans and Specifications required to comply with the program guidelines. The work must be completed within 6 months of closing and using similar grade Materials as described in the plans and specifications. No funds for any work completed outside the scope of the Plans and Specs will be released.

_____ **CHANGES OR ADDITIONS TO THE PLAN:** The contractor must notify the borrower (and appraiser/consultant) if
INITIAL any changes or additions need to be made to the original Plans and Specifications. All changes must be addressed by the borrower/consultant and pre-approved by the lender. The contractor may not receive payment if the work is not approved and/or the funds are not available.

_____ **NOTICE OF COMMENCEMENT/TERMINATION:** (if required in the subject property state) The lender will file the
INITIAL Notice of Commencement at loan closing. Upon project completion, any Notice of Commencement must be closed
out and a Contractor Affidavit recorded with the county.

_____ **HOLDBACKS:** Please be aware that for every draw there is a 10% holdback. Once the entire project is completed, the
INITIAL documentation (noted above) is satisfied, the mortgageor has signed a letter of completion, the final inspection
is approved, all permits (if applicable) are finally approved by the building department and a clear title update free of
any additional liens and a Certificate of Occupancy, if required in the municipality, is received the 10% holdback is
released.

_____ **CERTIFICATION:** I certify that I have read and understand the requirements through the repair period and agree to
INITIAL these terms set forth. The work **MUST BEGIN WITHIN 30 DAYS** of loan closing and not cease for more than a 30-
day period. All work must be **COMPLETED WITHIN 6 MONTHS OF CLOSING**. No funds other than those in the
account are available for the project.

Contractor Name: _____ Company Name: _____

Address: _____

Contractor Signature: _____ Date: _____