

## Contractor Acceptance Packet (203K)

The builder must include the details mentioned below in order to be approved for a 203k renovation project with Hometown Lenders (HTL). As part of our due diligence, HTL will check the builder's public record and touch trade and customer references. However, the creditor is solely responsible for selecting and vetting their preferred contractor.

Borrower Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

\_\_\_\_\_

FHA Case Number: \_\_\_\_\_

Contractor Name: \_\_\_\_\_

### 203k Contractor Profile including:

- Copy of Contractor License
- Copy of Liability Insurance Certificate
- Lead Based Paint Certification (if property was built prior to 1978)

### Permits/Certifications Required

### 203k Contractor Disbursement Acknowledgement

- Appropriate box checked (Limited 203k or Standard 203k)
- Signed and dated by contractor and borrower(s)

### Homeowner/Contractor Agreement

- Amount of work matches amount on Bid and/or Work Write-Up
- All blanks completed
- Signed by borrower(s) and contractor on page 1
- Initialed by borrower(s) and contractor on pages 2 & 3
- Binding arbitration clause included (if not using HUD format)

### Bid on Contractor's letterhead with detailed scope of work itemized by material & labor costs

- Signed and dated by contractor and borrower(s)

### Contractor's Signature on Consultant's Work Write-Up (Standard 203k)

## 203k Contractor Profile

Complete the information below and attach copies of license & insurance.

Contact Name: \_\_\_\_\_ License: \_\_\_\_\_

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Business Phone: \_\_\_\_\_ Business Fax: \_\_\_\_\_

Cell Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Years in Business: \_\_\_\_\_ Specialties: \_\_\_\_\_

Financial References (i.e. bank, creditor, etc.)			For Lender Use Only:
Company	Contact Name	Contact Phone	Verified By & Date

Credit Suppliers (material suppliers, etc.)			For Lender Use Only:
Company	Contact Name	Contact Phone	Verified By & Date

Client References (i.e. completed projects)			For Lender Use Only:
Contact Name	Contact Phone	Completion Date	Verified By & Date

**Do you have any pending liens or litigation?** *If yes, please explain.*

*I certify that all information above is complete and accurate. The references listed above may be contacted for verification.*

Contractor's Signature \_\_\_\_\_ Date \_\_\_\_\_

## Permits/Inspections Required

Complete the information below based on the projected scope of work.

Date: \_\_\_\_\_

Borrower(s): \_\_\_\_\_

Property Address: \_\_\_\_\_  
 \_\_\_\_\_

No licensed work may begin until the permit is received in its entirety. A copy of the relevant permit(s), as well as other necessary draw documents, must be issued in order to obtain the first draw. If after the work has been done, checks are required, copies of the inspection must be included with the final draw, along with all other required draw documents.

Permit Required	Permit Type	Inspection Required After Work is Completed	Estimated Cost of Permits
	General Building Permit		
	HVAC		
	Roofing		
	Well		
	Electrical		
	Plumbing		
	Septic		
	Lead & Asbestos		
	Termite (clearance)		
	Other:		
	Not Required for Proposed Scope of Work	Total Cost of Permits	

\_\_\_\_\_  
**Contractor's Signature**

\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Date**

<b>Name of Municipality (village/city/town/county)</b>
<b>Contact Number for Municipality</b>
<b>Estimated time to obtain all permits</b>

## Acknowledgement of 203k Contractor Disbursements

The following payment schedules, as determined by HUD, will be followed for disbursements. Both contractor payments will be made in the form of a two-party check payable to both the creditor and the contractor. Before sending the check to the contractor for deposit, the borrower must endorse it. There will be no funds disbursed until the permits are in place. All draw requests should be submitted to [drawings@htlenders.com](mailto:drawings@htlenders.com) via email.

### Limited 203k

The initial disbursement will be released shortly after the offer closes, which will be equal to the lesser of the material cost or 50% of the bid.

After the Renovation Lending Division receives fully executed papers, the final draw (remaining balance of bid) will be processed:

- Final Permit Inspections
- Clear Inspection Report
- Contractor's Conditional Lien Waiver
- Clear Title Update
- Mortgagor's Letter of Completion (if applicable)

Unexpected expenses associated with the initial scope of work are covered by contingency funds. They can also be used for any unexpected repairs that are needed to keep the house clean and habitable. Any cost overruns are the homeowner's fault until all contingency funds have been depleted. If there are any residual contingency funds at the end of the project, the difference will be added to the loan principal.

### Standard 203k

There are a total of five (5) draw inspections permitted. When a section of the job is finished, the HUD Consultant will inspect it and send a draw request based on the percentage completed. All draws prior to the last draw are subject to a 10% holdback, resulting in each disbursement being for 90% of the draw request. Prior holdbacks will be included in the final draw disbursement automatically.

After the Renovation Lending Division receives completely executed papers, draw requests will be processed:

- Contractor's Conditional Lien Waiver - Clear Title Update - Mortgagor's Letter of Completion - Draw Request & Inspection Photos - Contractor's Conditional Lien Waiver - Clear Title Update - Mortgagor's Letter of Completion (required only at final draw) - Inspections of final permits (required only at final draw)

Unexpected expenses associated with the initial scope of work are covered by contingency funds. They can also be used for any unexpected repairs that are needed to keep the house clean and habitable. Any cost overruns are the homeowner's fault until all contingency funds have been depleted. If any contingency funds exist at the end of the project, the homeowner may choose to use them to make further improvements; otherwise, the balance would be added to the mortgage principal.

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Contractor's Signature

Date

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Borrower's Signature

Date



## Contract Between the Homeowner and the Contractor

**3. Contractor:** The contractor is in charge of overseeing and directing the work of all subcontractors. He or she will work with the utmost care and attention, and will be solely responsible for all construction methods and materials, as well as for overseeing all aspects of the project. The contractor will provide and/or pay for all labor, materials, equipment, instruments, machinery, transportation, and other products, facilities, and services required for the proper execution and completion of the job, unless otherwise stated in the Agreement. The contractor will maintain employee order and discipline and will not appoint someone who is unfit for the job. The contractor guarantees to the owner that all materials and equipment used are new, and that all work performed is of good quality and free of defects or flaws. Unless otherwise stated in the Agreement, the contractor will pay all sales, use, and other taxes related to the construction, as well as obtain and pay for all building permits and/or other permits, fees, inspections, and licenses required for the completion of the work. The contractor will keep the owner harmless from and against any and all claims, damages, injuries, expenditures, legal fees, or other costs arising or resulting from the contractor's performance of the work or the provisions of this section. All rules, regulations, legislation, ordinances, and directives of any public authority or HUD inspector affecting the performance of the work will be followed by the contractor. Actions and omissions of workers, subcontractors and their employees, or those doing work under this Agreement with the contractor are the contractor's responsibility, and the contractor indemnifies the Owner against them. Where appropriate, the contractor will provide shop drawings, samples, product details, or other information specified in this Agreement.

**4. Subcontractor:** Selected by the contractor, with the exception that the contractor may not hire any subcontractor to whom the owner has a legitimate objection, and the owner will not force the contractor to hire any subcontractor to whom the contractor has a reasonable objection.

**5. Work by Owner or Other Contractor:** The owner retains the right to conduct work related to the project but not covered by this Agreement, as well as to grant separate contracts for parts of the project not covered by this Agreement. The owner and each other would have appropriate storage space for all contractors and subcontractors' materials and equipment. The liable party is responsible for any costs incurred as a result of faulty or ill-timed work.

**6. Binding Arbitration:** Unless the parties agree otherwise, claims or disputes relating to the Agreement or General Provisions will be settled using the Construction Industry Arbitration Rules of the American Arbitration Association (AAA). The motion for arbitration must be lodged in writing with the other party to this Agreement as well as the AAA within a reasonable period of the occurrence of the dispute. The arbitrator(s)' award will be deemed final, and any court with jurisdiction over it may enter judgment on it in compliance with applicable law.

**7. Cleanup and Trash Removal:** The contractor will ensure that the owner's home is free of any waste or trash generated during the project. The contractor will collect all waste, trash, equipment, building materials, and machinery as soon as the work is completed.

**8. Time:** When it comes to the work's scheduled completion, time is critical. Change orders, fire, labor disputes, acts of God, or other causes outside the contractor's control may cause the completion schedule for the work or affected sections of the work to be prolonged by the same period of time as the delay. The contractor must start work no later than 30 days after the loan is disbursed and will not stop for more than 30 days.

Initials \_\_\_\_\_ / \_\_\_\_\_

## Contract Between the Homeowner and the Contractor

**9. Payments and Completion:** Payments can be delayed due to (1) unrepaired faulty work; (2) the contractor's failure to make timely payments to subcontractors, staff, or suppliers; (3) the contractor's repeated failure to carry out work in compliance with this Agreement or these general conditions; or (4) legal claims. Final payment will be due after the full release of any and all liens resulting from the contract, or the submission of receipts or other proof of payment covering any subcontractors or vendors that may file a lien. The contractor promises to hold the Owner harmless from such liens and to reimburse all monies charged by the owner to discharge the liens, including expenses and fair attorney's fees. The lender needs a ten percent holdback to ensure that the work is done correctly and that the property is free of liens.

**10. Property and Persons Protection:** All appropriate or needed safety programs must be initiated, maintained, and monitored by the contractor. The contractor must follow all applicable federal, state, county, and local rules, legislation, ordinances, orders, and laws. The contractor will hold the owner harmless for any loss or damage to the owner's property caused by his or her staff or subtier subcontractors.

**11. Insurance:** The contractor will obtain and retain the requisite insurance to protect against workers' compensation claims and any harm to the owner(s) property arising from the performance of this contract.

**12. Contract Changes:** Without invalidating the contract, the owner may order changes, additions, or modifications (using form HUD-92577). Such modifications must be recorded, signed by the owner, and approved by the lender. Since the lender will not approve all change order requests, the contractor must continue at his or her own risk if work is done without an agreed change order.

**13. Faulty Work:** The contractor must correct any work done by himself or his subcontractors that is found to be defective or in violation of the contract's terms as soon as possible.

**14. Warranty:** All labor and materials used in the property reconstruction will be covered by a one-year warranty from the contractor. Unless otherwise stated by other terms of this contract, this warranty must last one year from the date of contract completion or longer as required by law. The American Arbitration Association's Construction Industry Arbitration Rules can be used to settle disputes.

**15. Termination:** If the owner fails to make a payment under the terms of this Agreement due to no fault of the contractor, the contractor may terminate this Agreement after giving the owner ten working days written notice and if the owner is not satisfied. The owner is responsible for paying the contractor for all finished work. The owner may terminate this Agreement after ten working days written notice to the contractor if the contractor fails or neglects to carry out the terms of the contract.

Initials \_\_\_\_\_ / \_\_\_\_\_