

Homeowners FHA Limited 203K Guidelines

<p>What Is It?</p>	<p>The Limited 203K Program is a modification of the FHA 203K Program and is designed to simplify the process in the purchase of homes that need minor rehabilitation work, including needed repairs noted in a prepurchase inspection and FHA appraisal.</p>
<p>Loan Parameters</p>	<ul style="list-style-type: none"> • Available for purchase and no cash out refinance transactions • Rehabilitation costs: Maximum \$35,000 (no minimum)
<p>Eligible Work Items</p>	<p>Eligible improvement types include, but are not limited to:</p> <ul style="list-style-type: none"> • Eliminating health and safety hazards that would violate HUD's MPR; • Repairing or replacing wells and/or septic systems; • Connecting to public water and sewage systems; • Repairing/replacing plumbing, heating, AC and electrical systems; • Making changes for improved functions and modernization; • Eliminating obsolescence; • Repairing or installing new roofing, provided the structural integrity of the structure will not be impacted by the work being performed; siding; • Gutters; and downspouts; • Making energy conservation improvements; • Creating accessibility for persons with disabilities; • Installing or repairing fences, walkways, and driveways; • Installing a new refrigerator, cooktop, oven, dishwasher, built-in Microwave oven and washer/dryer; • Repairing or removing an in-ground swimming pool; • Installing smoke detectors; • Installing, replacing or repairing exterior decks, patios, and porches * • Cost of installation or repair of patios and decks must increase the "as-is" value equal to the dollar amount spent on the improvement. • Covering lead-based paint stabilization costs. If the Property was built before 1978, paint mitigation must be in compliance with EPA's Painting Rule and HUD's lead-based paint regulation. All painting must be done by contractors that are certified in Lead Based Paint Abatement. <p>*Cost of installation or repair of patios and decks must increase the "as-is" value equal to the dollar amount spent on the improvement.</p>
<p>Ineligible Work Items</p>	<p>Any items that do not appear on the eligible list that would:</p> <ul style="list-style-type: none"> • Necessitate a "consultant" to develop a "Specification of Repairs/Work Write-Up" • Require plans or architectural exhibits; • Require a plan reviewer • Require more than six months to complete (HUD will not grant extensions) • Result in work not starting within 30 days after loan closing; or • Prevent the borrower from occupying the property for more than 15 days during the rehabilitation period

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<p>Rehabilitation Criteria</p>	<ul style="list-style-type: none"> • Maximum number of contractors is limited to four (4) • Repairs must comply with local code. All permits must be obtained prior to start of work. • Once loan is closed – repair items cannot be changed unless a D. E. underwriter approves change order. • If change orders result in net cost increase, then <u>mortgagor must pay for additional costs</u> • Mortgagor <u>must</u> use one or more contractors. Self-help arrangements are not allowed except when borrower demonstrates the expertise necessary to complete the work.
<p>FHA Appraisal Requirements</p>	<p>Purchase transactions An appraisal is always required to establish the “after improved” value of property. An “as-is” appraisal is not required except in purchase transactions where FHA property flipping rules apply and second appraisal is required.</p> <p>Refinance transactions An appraisal is always required to establish the “after improved” value of property.</p> <p>In addition, an as-is appraisal may be required as below:</p> <p>Properties acquired GREATER than 12 months prior to case number assignment: An “as-is” appraisal would be required only when existing debt plus all allowable financed costs EXCEEDS the after improved value. Otherwise, an “as-is” appraisal is NOT required. If “as-is” appraisal is required, must be done by FHA approved appraiser.</p> <p>Adjusted value is:</p> <ul style="list-style-type: none"> • Existing debt (principal balance plus interest due, MIP, late charges, escrow shortages, etc.) or: • “As-is” value – IF appraisal required <p>Property acquired LESS than 12 months prior to case number assignment</p> <p>An “as-is” appraisal is always required. Adjusted value is lesser of:</p> <ul style="list-style-type: none"> • Existing debt plus fees associated with new mortgage or: • “As-is” property value <p>Exception: Properties acquired by inheritance or through gift from family member (adjusted value same as if acquired more than 12 months ago)</p>
<p>Home Inspections</p>	<p>Items noted in a prepurchase home inspection can be included. The FHA appraiser must be provided with a full copy of the inspection.</p>

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<p>Contractor Approval</p>	<p>All contractors selected by the borrower must:</p> <ul style="list-style-type: none"> • Be fully licensed for each specialized repair or improvement • Maintain full liability (at least \$300,000 coverage) and workman’s compensation insurance (if they employ others). • Agree in writing to complete the work for the amount of cost estimate and sign a homeowner/contractor agreement. • Must complete a Form W-9 (Each Contractor) • Contractors CANNOT be related to borrower
<p>Documentation Required</p>	<ul style="list-style-type: none"> • Borrowers must provide a written Work Plan detailing the proposed repairs or improvements to be made to the property. Borrower may use outside party such as 203k consultant or contractor to do this. • Written proposal and cost estimate – must be broken down for each specialized repair or improvement. Cost estimate must state the nature and type of repair, materials to be used (i.e.: granite countertops, oak hardwood flooring, Cherry cabinets) AND the cost for each item must be broken down by labor and materials • Fully completed Contractor Profile Form providing at least two references of project recently completed. • Copy of current license for each specialized repair or improvement or General Contractors license • Fully completed Homeowner Agreement signed by borrowers and contractor(s) • Copy of contractors liability policy (with at least \$300,000 coverage and workman’s compensation policy (if required) • Fully completed and signed W/9 forms for each contractor • Sales contract that includes a provision that “The borrower has applied for Section 203k financing and the contract is contingent upon mortgage approval and the Borrower’s acceptance of additional required improvements as determined by the mortgagee

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<p>Maximum Mortgage</p>	<p>Purchases: The appropriate LTV ratios (96.5% for credit score \geq to 580 or 90% < 580) multiplied by the lesser of:</p> <p style="text-align: center;">Purchase price (or adjusted value if as-is appraisal required.) + Total rehab costs (hard and soft costs)</p> <p style="text-align: center;">or;</p> <p style="text-align: center;">110% of after improved value Multiplied by LTV Factor (96.5%)</p> <p style="text-align: center;">Or;</p> <p style="text-align: center;">Nationwide mortgage limit</p> <p>Refinances: Lesser of:</p> <p>1) Sum of existing liens + total rehab costs (hard and soft) + borrower paid closing costs and prepaids MINUS any MIP refund; or</p> <p>2) LESSOR of: A) As-Is Value + rehab costs OR B) 110% of after -improved value Multiply the lowest above by 97.75%</p>
<p>Down Payment Assistance</p>	<p>Not Allowed</p>
<p>Allowable "Soft Costs"</p>	<ul style="list-style-type: none"> • Permit costs • Inspection fees
<p>Contingency Reserves</p>	<p>A minimum 10% contingency reserve is required and may be increased up to 20% at Towne's discretion. Fee can be financed into loan amount.</p>
<p>Supplemental Origination fee and Additional Fees Charged</p>	<p>Towne will collect a supplemental origination fee equal to the greater of 1.5% or \$350 of the total rehab amount (not the total loan amount).</p> <p>This may be financed into the loan amount.</p> <p>Additional costs that will be charged: \$170 inspection fee and a \$150 title update fee. These fees can also be financed into the loan amount.</p>

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Draws	<ul style="list-style-type: none">• <u>No more than 2 payments</u> will be made to each contractor.• <u>50% FUNDS ARE RELEASED AT CLOSING</u>• NO REQUEST FOR FINAL DRAW CAN BE MADE FOR A MINIMUM OF 20 BUSINESS DAYS FROM THE CLOSING DATE.• No additional funds will be disbursed (above the 50% to each contractor) UNTIL THE ENTIRE PROJECT IS COMPLETED.
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1-800-Water Damage of Mid-Michigan

6012 S. Uoden Road
Swartz Creek, MI 48473

Estimate

Ron Veenhuis, President
IICRC Certification# 178379

Date	Estimate#
1211812015	1197

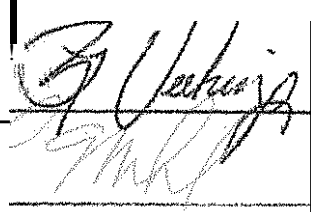
JohnM<hl
Property Address
11064 Melanie Lane
Davis<on, MI 48423

www.midmichiganwaterdamage.com

Phone	fax#
810-936-1094	810-655-0413

We **GUARANTEE** that your basement will be disinfected and safe for your family. The mold will be removed and a preventative applied to prevent future growth.

email	Ron@midmichiganwaterdamage.com	
	Due Date	Project
	12/JK/2015	

Item	Description	Qty		Total
Equipment	MATERIALS		0.00	0.00
Air Sealer	Set Air Scrubber 14-00 cfm/ dry		115.00	115.00
Disposal	Disposal of mold contaminated materials to dump		135.00	135.00
Dehumidifier	LGR7000 Dehumidifier per day x 3 days		95.00	285.00
Equipment	Air movers/ day 6, 3 days		12.00	216.00
Removal	LABOR		0.00	0.00
Demolition	Remove carpet and padding in Family Room		144.00	144.00
Demolition	Remove mold contaminated wall up 2' in Family Room Bedroom		344.00	344.00
Demolition	Remove and bag partial ceiling and affected wall in bedroom			2.25.00
Demolition	Remove and bag insulation up 2' sq/ft	114		17.80
Mitigation	MATERIAL and LABOR		0.00	0.00
MMR	Apply MMR Mold Stain Remover (MATERIAL) to all mold framing and remaining drywall		487.75	487.75
MMR	Apply MMR Mold Stain Remover (LABOR) to affected framing and remaining drywall		300.00	300.00
DAMP	Damp wipe, affected urea (MATERIAL) remaining drywall and ceilings		86.00	86.00
DAMP	Damp wipe affected urea (LABOR) remaining drywall and ceilings		190.00	190.00
Mitigation	Clean floors with antimicrobial (MATERIAL)		14.00	14.00
Mitigation	Clean floors with antimicrobial (LABOR)		76.00	76.00
Concrobium Mold...	Apply Concrobium Mold Control (via fogger)		85.00	85.00
Concrobium Mold...	Apply Concrobium Mold Control (via fogger) (LABOR)		140.00	140.00
MMR	Apply MMR Mold Stain Remover (LABOR) to affected drywall under perimeter		55.20	55.20
			Total	sa,9,s.1,

Differences Between Standard and Limited

Limited 203k

1. Max of \$35,000 in rehab including financeable fees
2. No structural work allowed
3. 1 inspection fee @ \$170 (Disclosed on the LE)
4. 1 Title update fee @ \$150 (Disclosed on the LE)
5. No FHA Consultant
6. ½ the rehab funds disbursed at closing

Standard

1. Max rehab can go to Max FHA County Limits
2. Structural work is allowed
3. 5 inspection fees @ \$170 (Disclosed on the LE)(Can be lower if the FHA Consultant states on his report)
4. 5 Title Update Fees @ \$150 (Disclosed on the LE)(Can be lower if the FHA Consultant states on his report)
5. FHA Consultant involved (Disclosed on the LE)
6. Minimum of \$5000 in repairs
7. Architectural Fees disclosed on the LE if Applicable
8. Permits disclosed on the LE if not included in the bid

**203(k) and Streamlined (k)
Maximum Mortgage Worksheet**

See Public Reporting Statement on the back before completing this form (See Notes 1 thru 8 on back)

**U.S. Department of Housing
and Urban Development**
Office of Housing
Federal Housing Commissioner

OMB Approval
No. 2502-0527
(exp. 06/30/2014)

Borrower's Name & Property Address (include street, city, State, and zip code)		FHA Case Number		No. of Units		HUD REO? <input type="checkbox"/> Yes <input type="checkbox"/> NO		<input type="checkbox"/> Purchase <input type="checkbox"/> Refinance <input type="checkbox"/> Streamlined (k) (Note 6) Purchase Date (owned less than 12 months) <input style="width: 100px; height: 20px;" type="text"/>		
		Type:		<input type="checkbox"/> Owner-Occupant <input type="checkbox"/> Nonprofit <input type="checkbox"/> Government Agency						
A. Property Information		1. Contract Sales Price Or <input type="checkbox"/> Existing Debt \$	2. 'As-is' Value (Note 1) \$	3. After-improved Value \$	4. 110% of A3 (Note 8) \$	5. Borrower Paid Closing Costs + Prepays (Refinance) \$	6. Allowable energy Improvements (Note 2)			
B. Rehabilitation and Other Allowable Costs		1. Total Cost of Repairs (Line 36, HUD-9746-A) includes the improvements in A6 and REO Lead Based Paint Stabilization							\$	
		2. Contingency Reserve on Repair Costs (%) (10 to 20% of B1)							\$	
		3. Inspection Fees (x \$ per inspection)+ Title Update Fee (x \$ per draw)							\$	
		4. Mortgage Payments Escrowed (months x \$) if uninhabited (Note 7)							\$	
		5. Sub-Total for Rehabilitation Escrow Account (Total of B1 thru B4)							\$	
		6. Architectural and Engineering Fees (Exhibits) (Note 7)							\$	
		7. Consultant Fees (including mileage, if applicable) (\$ + miles@ /mile) (Note 7)							\$	
		8. Permits							\$	
		9. Other Fees (explain in Remarks)							\$	
		10. Sub-Total (Total of B5 thru B9)							\$	
		11. Supplemental Origination Fee for both 203k and Streamlined (k) (greater of \$350 or 1.5% of B10)							\$	
		12. Discount Points on Repair Costs and Fees (B10x %)							\$	
		13. Sub-Total for Release at Closing (Total of B6 thru B9 + B11 and B12 (Note 3))							\$	
		14. Total Rehabilitation Cost (Total of B5 and B13 minus A6) (Streamlined (k) can not exceed \$35,000)							\$	
C. Mortgage Calculation for Purchase Transactions		1. Lesser of Sales Price (A1) or As-Is-Value (A2)							\$	
		2. Total Rehabilitation Cost (B14)							\$	
		3. Lesser of Sum of C1 + C2 (\$) or 110% of After-Improved Value (A4)							\$	
		4. Base Mortgage Amount: Sum of C3 +(-) Required Adjustment (Note 4) (\$) x LTV Factor (96.5%) (Owner-Occupant) or Less Allowable Down payment/ HUD-Owned Property (\$) (Note 5)							\$	
D. Mortgage Calculation for Refinance Transactions		1. Sum of Existing Debt (A1) + Rehabilitation Cost (B14) + Borrower Paid Closing Costs + Prepays (A5)+ Discount on Total Loan Amt minus Discount on Repair Costs (B12) minus FHA MIP Refund (\$) \$							\$	
		2. Lesser of Sum of As-is Value (A2) (Note 1) + Rehabilitation Cost (B14) (\$) or 110% of After-Improved Value (A4)							\$	
		3. D2 (\$) x LTV Factor (97.75%) (Owner-Occupant)							\$	
		4. Base Mortgage Amount Lesser of D1 or D3 (Note 5)							\$	
E. Calculation for EEM		1. Energy Efficient Mortgage (EEM) Amount (C4 or D4) + A6 (Note 2)							\$	
F. Summary		UFMIP Factor	UFMIP	Total Escrowed Funds	Interest Rate	Discount Pts				
		%	\$	\$	%					
		1. Total Mortgage Amount with UFMIP (C4, or D4 or E1 + UFMIP)							\$	
DE Underwriter's Signature, Title & Date								CHUMS No.		
Borrower's Signature & Date (Optional)				Co-Borrower's Signature & Date (Optional)						

Remarks (Continue on separate page if needed)

Notes:

1. If owned less than 1 year, use lesser of A2 or Original Acquisition Cost plus Debts incurred for rehabilitation since acquisition.
2. Refer to Mortgage Letters 05-21, 95-46, and 93-13.
3. These Allowable Costs may be released at closing, provided paid receipts or contractual agreements requiring payment are obtained
4. Required Adjustments would include additions such as financeable repairs and improvements, energy related weatherization items, and solar energy systems, as well as subtractions including sales concessions in excess of six percent of the sales price, inducements to purchase, personal property items, etc., all as per HUD Handbook 4155.1 (May also include HUD REO Lead Based Paint Credit.)
5. Maximum Mortgage before UFMIP not to exceed statutory limit.
6. See ML 2005-50.
7. Not applicable to Streamline 203(k) transactions.
8. If Condominium limit to 100% of A3

Public reporting burden for this collection of information is estimated to average 25 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information collection involves an expanded information requirement for lenders that originate and service Section 203(k) mortgages. The purpose of the information is to help mitigate program abuses. The expanded information focuses on the loan origination process and requires increased documentation and strengthened internal control procedures. Periodic reporting of the information is not required. The information also includes information that was voluntarily accepted by the 203(k) lending community. The information provides a more comprehensive basis for evaluating lender underwriting practices and thereby improves risk management of the 203(k) loan portfolio. Responses are required under Section 203(k) of the National Housing Act (12 U.S.C. 1703). No assurance of confidentiality is provided.

Consultant's Identity-of-Interest Certification

**Borrower(s)
Name:** _____

**Borrower(s)
Phone
Number:** _____

Property Address: _____

**FHA Case
Number:** _____

Consultant's Identity-of-Interest Certification. All consultants and plan reviewers are required to sign the following certification after preparing/reviewing the work write-up and cost estimate, stating:

" I hereby certify that I have carefully inspected this property for compliance with the general acceptability requirements (including health and safety) in Handbook 4905.1. I have required as necessary and reviewed the architectural exhibits, including any applicable engineering and termite reports, and the estimated rehabilitation cost and they are acceptable for the rehabilitation of this property. I have no personal interest, present or prospective, in the property, applicant, or proceeds of the mortgage. I also certify that I have no identity-of-interest or conflict-of-interest with the borrower, seller, lender, realtor, appraiser, plan reviewer, contractor or subcontractor. To the best of my knowledge, I have reported all items requiring correction and that the rehabilitation proposal now meets all HUD requirements for 203(k) Rehabilitation Mortgage Insurance."

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 USC 1001, 1010, 1012; 31 USC 3729,2802).

Consultant/Plan Reviewer Signature _____
Date

Consultant/Plan Reviewer Signature _____
Date

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	Exemptions (see instructions): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number									

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number									

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.
Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at www.irs.gov/w9. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the

withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity,
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust, and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* on page 1.

What is FATCA reporting? The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulation section 301.7701-2(c)(2)(iii). Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Note. Check the appropriate box for the U.S. federal tax classification of the person whose name is entered on the "Name" line (individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the U.S. federal tax classification in the space provided. If you are an LLC that is treated as a partnership for U.S. federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation, as appropriate. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for U.S. federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required U.S. federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the *Exemptions* box, any code(s) that may apply to you. See *Exempt payee code* and *Exemption from FATCA reporting code* on page 3.

Exempt payee code. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a) 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

- A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
- B—The United States or any of its agencies or instrumentalities
- C—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i)
- E—A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)
- F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

- G—A real estate investment trust
- H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
- I—A common trust fund as defined in section 584(a) J—A bank as defined in section 581
- K—A broker
- L—A trust exempt from tax under section 664 or described in section 4947(a)(1)
- M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor ⁴
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

¹List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

²Circle the minor's name and furnish the minor's SSN.

³You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

***Note.** Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

Borrower's Identity-of-Interest Certification

Borrower(s) Name: _____

Borrower(s) Phone Number: _____

Address: _____

FHA Case Number: _____

Borrower's Identity-of-Interest Certification

The borrower must sign a certification stating the following:

"I/We hereby certify to the Department of Housing and Urban Development (HUD) and (lender), that I/We do not have an identity-of-interest with the seller of the property. I/We also certify that I/We do not have a conflict-of-interest with any other party to the transaction, including the realtor, lender, contractor, consultant and/or the appraiser. In addition, I/we certify that I/we am not obtaining any source of funds or acting as a "strawbuyer" for another individual, partnership, company or investment club and I/We _____ will/will not _____ occupy the residence I/We are purchasing or refinancing."

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Borrower Signature

Date

Co-Borrower Signature

Date

Homeowner/Contractor Agreement

Owner's Name(s): _____
 _____ MI _____

Address _____ City _____ State _____ Zip _____

Telephone Number(s): Work: _____ Home: _____

Contractor's Name: _____ License No: _____

_____ MI _____
 Address _____ City _____ State _____ Zip _____

Telephone Number: _____

THIS AGREEMENT, made this date, _____ between the above mentioned Homeowner (Owner) and Contractor, is for the rehabilitation of the property located at _____ that has been approved for FHA 203(k) Renovation. The Owner(s) shall pay the Contractor the sum of \$ _____ for completion of the work, including all sales tax due by law, together with such increases or decreases in the contract price as may be approved in writing by the Lender. The work will begin within 30 days of loan closing with the Lender and will be completed by _____, unless delayed beyond the Contractor's control. The General Provisions listed below are made a part of this Agreement. The contract documents consist of the architectural exhibits listed in the Rehabilitation Loan Agreement between the Owner(s) and the Lender, or as described below (or on an attached sheet):

 Owner(s) Signature(s) _____ Date _____ Contractor's Signature _____ Date _____

1. Contract Documents: This Agreement includes all general provisions, special provisions and architectural exhibits that were accepted by the lender. Work not covered by this agreement will not be required unless it is required by reasonable inference as being necessary to produce the intended result. By executing this Agreement, the contractor represents that he/she has visited the site and understands local conditions, including state and local building regulations and conditions under which the work is to be performed.
2. Owner: Unless otherwise provided for in the Agreement, the owner will secure and pay for necessary easements, exceptions from zoning requirements, or other actions which must precede the approval of a permit for this project. If owner fails to do so then this contract is void. If the contractor fails to correct defective work or persistently fails to carry out the work in accordance with the agreement or general provisions, the owner may order the contractor in writing to stop such work, or a part of the work, until the cause for the order has been eliminated.
3. Contractor: The contractor will supervise and direct the work and the work of all subcontractors. He/she will use the best skill and attention and will be solely responsible for all construction methods and materials and for coordinating all portions of the work. Unless otherwise specified in the Agreement, the contractor will provide for and/or pay for all labor, materials, equipment, tools, machinery, transportation, and other goods, facilities, and services necessary for the proper execution and completion of the work. The contractor will maintain order and discipline among employees and will not assign anyone unfit for the task. The contractor warrants to the owner that all materials and equipment incorporated are new and that all work will be of good quality and free of defects or faults. The contractor will pay all sales, use and other taxes related to the work and will secure and pay for building permits and/or other permits, fees, inspections and licenses necessary for the completion of the work unless otherwise specified in the Agreement. The contractor will indemnify and hold harmless the owner from and against all claims, damages, losses, expenses, legal fees or other costs arising or resulting from the contractor's performance of the work or provisions of this section. The contractor will comply with all rules, regulations, laws, ordinances and orders of any public authority or HUD inspector bearing on the performance of the work. The contractor is responsible for and indemnities the owner against acts and omissions of employees, subcontractors and their employees, or others performing the work under this Agreement with the contractor. The contractor will provide shop drawings, samples, product data or other information provided for in this Agreement, where necessary.
4. Subcontractor: Selected by the contractor, except that the contractor will not employ any subcontractor to whom the owner may have a reasonable objection, nor will the contractor be required by the owner to employ any subcontractor to whom the contractor has a reasonable objection.

5. **Work By Owner or Other Contractor:** The owner reserves the right to award separate contracts in connection with other portions of the project not detailed in this Agreement. All contractors and subcontractors will be afforded reasonable opportunity for the storage of materials and equipment by the owner and by each other. Any costs arising by defective or ill-timed work will be borne by the responsible party.
6. **Binding Arbitration:** Claims or disputes relating to the Agreement or General Provisions will be resolved by the Construction Industry Arbitration Rules of the American Arbitration Association (AAA) unless both parties mutually agree to other methods. The notice of the demand for arbitration must be filed in writing with the other party to this Agreement and with the AAA and must be made in a reasonable time after the dispute has arisen. The award rendered by the arbitrators will be considered final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.
7. **Cleanup and Trash Removal:** The contractor will keep the owner's residence free from waste or rubbish resulting from the work. All waste, rubbish, tools, construction materials, and machinery will be removed promptly after completion of the work by the contractor.
8. **Time:** With respect to the scheduled completion of the work, time is of the essence. If the contractor is delayed at any time in the progress of the work by change orders, fire, labor disputes, acts of God or other causes beyond the contractor's control, the completion schedule for the work or affected parts of the work may be extended by the same amount of time caused by the delay. The contractor must begin work no later than 30 days after loan dosing and will not cease work for more than 30 consecutive days.
9. **Payments and Completion:** Payments may be withheld because of: (1) defective work not remedied; (2) failure of contractor to make proper payments to subcontractors, workers, or suppliers; (3) persistent failure to carry out work in accordance with this Agreement or these general conditions, or (4) legal claims. Final payment will be due after complete release of any and all liens arising out of the contract or submission of receipts or other evidence of payment covering all subcontractors or suppliers who could file such a lien. The contractor agrees to indemnify the owner against such liens and will refund all monies including costs and reasonable attorney's fees paid by the owner in discharging the liens. A 10 percent holdback is required by the lender to assure the work has been properly completed and there are no liens on the property.
10. **Protection of Property and Persons:** The contractor is responsible for initiating, maintaining, and supervising all necessary or required safety programs. The contractor must comply with all applicable laws, regulations, ordinances, orders or laws of federal, state, county or local governments. The contractor will indemnify the owner for all property loss or damage to the owner caused by his/her employees or his/her direct or sub-tier subcontractors.
11. **Insurance:** The contractor will purchase and maintain such insurance necessary to protect from claims under workers compensation and from any damage to the owner(s) property resulting from the conduct of this contract.
12. **Changes in the Contract:** The owner may order changes, additions or modifications without invalidating the contract. Such changes must be in writing and signed by the owner and accepted by the lender. Not all change order requests may be accepted by the lender, therefore, the contractor proceeds at their own risk if work is completed without an accepted change order.
13. **Correction of Deficiencies:** The contractor must correct promptly any work of his/her own or his/her subcontractors found to be defective or not complying with the terms of the contract.
14. **Warranty:** The contractor will provide a one-year warranty on all labor and materials used in the rehabilitation of the property. This warranty must extend one year from the date of completion of the contract or longer if prescribed by law unless otherwise specified by other terms of this contract. Disputes will be resolved through the Construction Industry Arbitration Rules of the American Arbitration Association.
15. **Termination:** If the owner fails to make a payment under the terms of this Agreement, through no fault of the contractor, the contractor may, upon ten working days written notice to the owner, and if not satisfied, terminate this Agreement. The owner will be responsible for paying the contractor for all work completed.

If the contractor fails or neglects to carry out the terms of the contract, the owner, after ten working days written notice to the contractor, may terminate this Agreement. The owner may finish the job by whatever reasonable method the owner deems expedient. If the cost of completion exceeds the contract balance, the difference, as well as reasonable attorney's fees if necessary, will be paid to the owner by the contractor.

203k Streamline Statement of Understanding

- You may not change contractors after the loan has been approved and closed. If for some unforeseen reason, the original contractor cannot complete the work, the new contractor MUST be approved by lender PRIOR to any additional work being done. The new contractor must also agree to complete the work within the limits of the funds left in the rehabilitation account.
- Each contractor will receive an initial disbursement of 50% of the total amount of the contract at the time of closing to help pay for materials.
- Final disbursement of funds will not be released to any contractor or any other party until a final inspection is received indicating all work (by all contractors) has been completed satisfactorily inspected AND lender receives evidence that all liens have been released.
- Contractors are required to pull permits for all items required by the local building authority PRIOR TO START OF WORK. The final disbursement will not be released until we receive copies of initial building permits and clear final inspection from local building authority for ALL items requiring a permit.
- ALL REPAIRS MUST BE COMPLETED WITHIN 6 MONTHS. THE 203K STREAMLINE PROGRAM DOES NOT ALLOW FOR ANY EXTENSIONS BEYOND SIX MONTHS FROM LOAN CLOSING.
- The contingency reserve fund can only be used for the proposed repairs in the contract and any unforeseen items relating to these repairs items. The contingency funds cannot be used for additional unrelated work.
- Please be aware that any additional work completed by the contractor not listed in the original contract are the SOLE responsibility of the homeowner and cannot be paid by out of either the initial rehabilitation account or the contingency.
- Once the mortgage is closed the list of repairs items cannot be changed, except as noted below.
- Any changes needed due to unforeseen conditions discovered during the course of rehabilitation such as hidden damage due to termites, mold or water damage must be approved by Towne Mortgage Company Draw Administrator PRIOR to work being done. A change order will be required detailing additional work needed and the cost.
- If for any reason, the costs incurred during the rehabilitation exceed the amount in the rehabilitation account (including contingency), the homeowner is solely responsible for the additional costs.

Borrower Name

Co-Borrower Name

Borrower Signature

Date

Co-Borrower Signature

Date

Contractor Company Name: _____

Name of Contractor: _____

Contractor's Signature

Date

Contractor Company Name: _____

Name of Contractor: _____

Contractor's Signature

Date

Contractor Company Name: _____

Name of Contractor: _____

Contractor's Signature

Date

By signing above, I (we) attest that I/we understand the terms associated with this program and agree to comply with.

203K Contractor Profile Report

Contractor Information		
Date: _____		
Borrower Name: _____		Co-Borrower Name: _____
Contractor Name: _____		
Address: _____		
Point of Contact: _____		
Phone Number: _____	Fax Number: _____	Alternate Number: _____
Organization		
Type of Organization:	Corporation <input type="checkbox"/>	Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/>
	Joint Venture <input type="checkbox"/>	Individual <input type="checkbox"/>
Other Number of years in which organization has been in business under present name: _____		
List jurisdictions legally licensed/qualified to conduct business: _____		
Tax ID Number: _____		License Numbers: _____
Type of Work/Experience		
List the types of work performed directly by the organization: _____		
Provide the information on two projects completed by the organization within the last year including the name and location of the projects, contact information, contract amounts, and dates of completion.		
1. _____		
2. _____		
Are there any judgments, claims, arbitration proceedings, or suits pending or outstanding against the organization or its officers? _____ If so, describe in an attached document.		
Has the organization filed any lawsuits or requested arbitration with regard to construction contracts within the last five years? _____ If so, please describe in an attached document.		
Financial References		
Bank/Creditors/Bonding Company _____ _____		
<input type="checkbox"/> Copy of most recent financial statement (audited if available) is attached.		
Insurance		
Insurance Company with Type, Amount of Coverage, Contact, and Phone Number of Contact _____ _____		
Contractor represents and warrants that all information in this Contractor's Profile is complete and accurate. Contractor authorizes the borrower, and/or the lender, to contact the references listed above to verify the information represented in this Contractor Profile is complete and accurate.		
Signature: _____		
Contractor Name: _____		
Title: _____		Date: _____

REHAB SUMMARY SHEET
FHA 203(k) and FHA 203(k) Streamline

LOAN NUMBER: _____ **BORROWER NAME:** _____

COMPANY: _____

LOAN OFFICER: _____

Contractor #1	
Name of Contractor:	_____
	Homeowner Contractor Agreement Signed
	Contractor Bids <input type="checkbox"/> Contractor License
	Liability Insurance/Workman's Comp. <input type="checkbox"/> W9 signed
Total Contract Amount	\$ _____.

Contractor #2	
Name of Contractor:	_____
	Homeowner Contractor Agreement Signed
	Contractor Bids <input type="checkbox"/> Contractor License
	Liability Insurance/Workman's Comp. <input type="checkbox"/> W9 signed
Total Contract Amount	\$ _____.

Contractor #3	
Name of Contractor:	_____
	Homeowner Contractor Agreement Signed
	Contractor Bids <input type="checkbox"/> Contractor License
	Liability Insurance/Workman's Comp. <input type="checkbox"/> W9 signed
Total Contract Amount	\$ _____.

Contractor #4	
Name of Contractor:	_____
	Homeowner Contractor Agreement Signed
	Contractor Bids <input type="checkbox"/> Contractor License
	Liability Insurance/Workman's Comp. <input type="checkbox"/> W9 signed
Total Contract Amount	\$ _____.

Self Help (for appliance)	
	Self Help Agreement
	Bill of Sale:
Name of Store:	_____
Total Amount	\$ _____.

TOTAL OF ALL BIDS: \$ _____.

***** MUST ATTACHED ALL DOCUMENTS *****

203K Contractor Profile Report

Contractor Information		
Date: _____		
Borrower Name: _____		Co-Borrower Name: _____
Contractor Name: _____		
Address: _____		
Point of Contact: _____		
Phone Number: _____	Fax Number: _____	Alternate Number: _____
Organization		
Type of Organization:	Corporation <input type="checkbox"/>	Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/>
	Joint Venture <input type="checkbox"/>	Individual <input type="checkbox"/>
Other Number of years in which organization has been in business under present name: _____		
List jurisdictions legally licensed/qualified to conduct business: _____		
Tax ID Number: _____		License Numbers: _____
Type of Work/Experience		
List the types of work performed directly by the organization: _____		
Provide the information on two projects completed by the organization within the last year including the name and location of the projects, contact information, contract amounts, and dates of completion.		
1. _____		
2. _____		
Are there any judgments, claims, arbitration proceedings, or suits pending or outstanding against the organization or its officers? _____ If so, describe in an attached document.		
Has the organization filed any lawsuits or requested arbitration with regard to construction contracts within the last five years? _____ If so, please describe in an attached document.		
Financial References		
Bank/Creditors/Bonding Company _____ _____		
<input type="checkbox"/> Copy of most recent financial statement (audited if available) is attached.		
Insurance		
Insurance Company with Type, Amount of Coverage, Contact, and Phone Number of Contact _____ _____		
Contractor represents and warrants that all information in this Contractor's Profile is complete and accurate. Contractor authorizes the borrower, and/or the lender, to contact the references listed above to verify the information represented in this Contractor Profile is complete and accurate.		
Signature: _____		
Contractor Name: _____		
Title: _____		Date: _____