

## 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.**