

203k Streamline Draw Information

Payment of the repairs made to contractor(s)/Home Improvement Stores for the 203k Streamline program will be made in a maximum of two draws. The draw processes will work as follows:

- **The first 50%** of all bids worked into the 203k program will be dispersed at closing. (Work performed on property must start within 30 days of closing/funding of the loan.)
- The second half or 50% of the remaining balance will be released upon completion and **inspection of ALL work** to be completed by each contractor(s)/Home Improvement store performing work on the subject property. Each individual contractor/Home Improvement Store will NOT be paid upon completion of just their individual work unless they are the only contractor/Home Improvement performing work on the subject property. (All work must be completed within 6 months of closing/funding of loan.)

The second half or 50% of funds not dispersed in the first draw will be held in an escrow account until the final funds are paid to all applicable parties. Checks will be made payable to both the borrower(s) and the contractor(s) for each bid (the second draw for Home Improvement stores will be paid to the borrower if borrower shows receipt for proof of payment). This protects both borrower and contractor to ensure work is completed and contractor is paid. The second draw can take up to 12-14 weeks from closing/funding of the loan to be available for payout. If work has been completed more quickly this may cause a delay in the final funds being dispersed.

The contingency fund is a reserve to cover unexpected or unplanned repairs for health and safety issues. This may not be used towards material changes or repairs.

Once the final balance of funds have been released, any amounts remaining in the Repair Account will be applied toward the balance of the loan. This includes any unused contingency funds or inspection fees remaining in the Repair Account.

All borrower(s) and contractor(s) must understand the payment method of work to be performed.

There are no exceptions to the draw process listed above.

Borrower

Loan Officer

Borrower

Contractor