

[Date of Letter]  
[Borrower Name]  
[Borrower Address]  
[City, State Zip]

RE: LOAN NO. [1234567890]

Dear Borrower,

Congratulations on closing your FHA 203(k) home improvement loan. Plaza Home Mortgage, Inc. ("Plaza") is dedicated to helping our customers become successful homeowners. We're committed to providing the tools and information you need to efficiently draw funds from your FHA 203(k) loan.

This guide is designed to make the draw process as clear and straightforward as possible to successfully complete your improvement project within six months of your closing.

If you have questions at anytime, please contact Plaza Loan Servicing Department and we will be happy to help you.

**Plaza Home Mortgage, Inc.**

Loan Servicing Department  
4820 Eastgate Mall, Suite 100  
San Diego, CA 92121  
Toll Free: 888-807-2620  
Fax: 858-812-0311

Sincerely,

Loan Servicing Department

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## Important Terms

Please familiarize yourself with the following terms that you need to know about the FHA 203(k) Draw Request process:

<b>Originating Lender</b>	This guide will occasionally refer to your “originating lender.” This is the lender from whom you originally obtained your loan. Although Plaza now owns your mortgage and will be responsible for its disbursement, you may need to contact your originating lender if you need information about the terms of your loan.
<b>Holdback Funds</b>	<p>As indicated in your Borrower Acknowledgement form, there will be a 10% holdback on each Draw Request. This amount will be deducted and held in the Repair Escrow Account until the entire project is complete. For example, if \$1,000 is requested, Plaza will issue a check for \$900. The \$100 difference will remain in the Repair Escrow Account.</p> <p>All monies held back will be released after all work is complete and Plaza has ensured the property’s title is clear of any liens.</p>
<b>HUD-Approved Consultant Inspector</b>	An individual who is also referred to as a FHA Consultant Inspector, Fee-Consultant, Cost Consultant or Rehab Consultant. Your HUD Consultant is the person who processed your Initial Work Write-Up/Specification of Repairs. It is your responsibility to contact your HUD Consultant when you require an inspection. He or she will also help guide you throughout your loan process.
<b>Contingency Fund</b>	<p>This reserve of funds is held in the Repair Escrow Account for the purpose of covering unplanned repairs that become necessary due to health or safety issues. No portion of this money may be used for building material changes or repairs not previously identified as part of the scope of work.</p> <p><b>Contact Plaza Home Mortgage as well as your HUD Consultant Inspector before authorizing your contractor to make repairs that will cost more than the estimate provided in the original contractor bid.</b></p>
<b>Change Order</b>	Any cost overruns or changes involving the contractor, type of work, architectural exhibits, engineering plans, quality of materials or amount of materials that differ from your original bid. All changes to work from original bid must be submitted to Plaza for approval on the HUD Form Request for Acceptance of Changes in Approved Drawing and Specification (HUD Form 92577).
<b>Repair Escrow Account</b>	Funds for your home improvement project are held in an interest-bearing escrow account insured by the FDIC. The funds are released to you and your contractor(s) for repairs based on the original appraisal, work write up and contractor bid(s). Included in this account are funds to pay for planned repairs, contingencies, inspections, title updates, mortgage payments and other miscellaneous fees.
<b>Unused Contingency Funds</b>	Any unused contingency funds after the final release has been processed will be applied toward the principal balance on your loan. Please note that the contingency funds are not part of the holdback funds.
<b>Inspector/Lender Modification of the Draw Request</b>	When the inspector submits the Draw Request Package (Step 1), both the inspector and Plaza Home Mortgage may adjust the amount requested, if appropriate. You will be notified of any modification to the draw request. Modification may occur if a contractor requests payment for materials prior to installation or requests payment in excess of the previously agreed-upon amount but does not submit a Change Order Request for approval.
<b>Mechanic and Material man Liens</b>	These liens are a form of collateral that ensures payment of a debt. Contracts for home improvement work often allow contractors to place a lien against the title of the property in the event they are not paid. If your property has a lien against it, you will not be able to sell or refinance the property until the lien has been cleared. Plaza will request a lien search prior to your final disbursement to determine that the property is free of work related liens, however Plaza cannot guarantee the property will be free of all mechanics or materials liens at the time of your final disbursement.

## Draw Request Overview

Each time you request a “draw,” you are requesting a portion of funds from your FHA 203(k) Rehabilitation Loan. The draw request process has five basic steps, which are outlined below. **You will be responsible for completing these steps**, with help from your HUD Consultant Inspector and your contractor. Plaza will be responsible for issuing the funds for each draw request. This guide will cover each step in detail.

### Things to Know and Understand About the Draw Request Process

- Plaza must receive a Draw Request Package no later than 30 days after a loan closing. Work must start within 30 days of closing and may never cease for more than 30 consecutive days. It is important to have draw requests submitted in a timely manner to complete the renovation project within the required 6 month time period.
- Once you and your contractor have determined a draw should be made it is your responsibility to schedule an inspection with your HUD-approved Consultant and contractor to prepare your draw request (HUD form 9746-A) and Compliance Inspection report (HUD form 92051).
- You and your contractor should always be present during each of these inspections in case any questions arise.
- A maximum of five draw requests can be submitted as part of your FHA 203(k) loan, consisting of four interim draws and a final draw. Please work closely with your HUD Consultant and contractor to ensure your rehabilitation project stays on track and the rehabilitation funds are appropriately requested.
- **As stated in your Rehabilitation Loan Agreement all your home improvements must be completed within six (6) months, from your loan’s closing date.**

### Loan Disbursement Overview

A disbursement is the release of a portion of funds from your FHA 203(k) Rehabilitation Loan. The disbursement process has five basic steps. **You are responsible for steps 1, 2\* and step 3.** Plaza is responsible for completing steps 4 and 5.

(\*As applicable, your HUD Consultant Inspector and contractor should work with you to assist in submitting change orders.)

Steps 1 – 3 Are Your Responsibility			Steps 4 – 5 Plaza to Complete		
<p>→ <b>STEP 1:</b> Submit Draw Request Packages (max total of 4 interim &amp; 1 final draw)</p>	<p>→ <b>STEP 2:</b> Requesting a Change Order (*if applicable)</p>	<p>→ <b>STEP 3:</b> Submit the Final Draw Package</p>	<p>→ <b>STEP 4:</b> Release of Escrow Funds</p>	<p>→ <b>STEP 5:</b> Payment of Interest from the Escrow Fund Account</p>	

### Step 1 – Submit a Draw Request Package

Each time your contractor requires payment for finished work, you must work with your HUD-approved Consultant Inspector to submit a complete Draw Request Package.

**Each Draw Request Package must contain the following documentation:**

1. Draw Request & Inspection Form (HUD 9746-A). The Draw Request Form needs to be completed and signed by you, your contractor and your HUD Consultant Inspector. In order to help you better understand how this form must be completed, we will review the form in four separate sections. These sections are:

**Section 1: Borrower Information & HUD Consultant Signature** – This will include the property address, Plaza's name and address, draw number, date & HUD Consultant Inspector's Signature.

**Section 2: Draw Request Information** – This area is an itemization of the draw request broken out by the specific repairs.

**Section 3: Consent and Signatures** – This is to be signed and dated by you the borrower, the contractor and the HUD Consultant Inspector.

**Section 4: Rehabilitation Inspection Report** – The final section is an explanation of the inspection. If it is a draw inspection, contingency reserve inspection, final inspection or change order. This is to be signed and dated by the HUD Consultant Inspector verifying the inspection.

2. A Compliance Inspection Report (HUD 92051)
3. Lien Waiver and Release (final draw only), signed by the general contractor and all subcontractors. See Attached to be provided with the final draw. Please be aware Plaza may request a lien release during the construction process as sub contractors and contractors work is completed.

**Please be aware if all these items are not received, the request would be considered incomplete. Plaza will not be able to finalize the Draw Request until all of the above completed forms have been submitted.**

# Draw Request

U.S. Department of Housing and  
Urban Development  
Office of Housing

OMB Approval No. 2502-0527 (exp. 4/30/2011)

## Section 203(k)

Public reporting burden for this collection of information is estimated to average 1 hour 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 to obtain benefits under Section 203(k) of the National Housing Act (12 U.S.C. 1703). No assurance of confidentiality is provided.

Borrower's Name & Property Address <b>Bob Borrower 1234 Any Drive Any Town, USA 55555</b>	Lender's Name & Address <b>Sample Home Mortgage 5555 Any Street Any Town, USA 55555</b>	FHA Case Number	
		This Draw Number <b>1</b>	Date <b>9/6/2013</b>

I 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 reviewed the attached architectural exhibits and the estimated rehabilitation costs listed in column 1 below; 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. 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.

### HUD-Accepted Consultant / Plan Reviewer's Signature & Date

### Suggested Contingency Reserve Amount

X		Inspections, Inc.		9/6/2013		\$2,815.00		10%	
	Construction Item	Total Escrow Col. 1	Total Cost of Rehabilitation				Inspector/Lender Adjusted Amounts Col. 4		
			Previous Draw Totals Col. 2	%	Request for This Draw Col. 3	%		%	
1.	Masonry	\$250.00	\$0.00	0%	\$0.00	0%			1.
2.	Siding	\$0.00	\$0.00		\$0.00				2.
3.	Gutters/Downspouts	\$1,850.00	\$0.00	0%	\$0.00	0%			3.
4.	Roof	\$5,600.00	\$0.00	0%	\$500.00	9%			4.
5.	Shutters	\$0.00	\$0.00		\$0.00				5.
6.	Exteriors	\$650.00	\$0.00	0%	\$0.00	0%			6.
7.	Walks	\$0.00	\$0.00		\$0.00				7.
8.	Driveways	\$3,500.00	\$0.00	0%	\$0.00	0%			8.
9.	Painting (Ext.)	\$250.00	\$0.00	0%	\$0.00	0%			9.
10.	Caulking	\$0.00	\$0.00		\$0.00				10.
11.	Fencing	\$0.00	\$0.00		\$0.00				11.
12.	Grading/Landscaping	\$0.00	\$0.00		\$0.00				12.
13.	Windows	\$850.00	\$0.00	0%	\$0.00	0%			13.
14.	Weatherstrip	\$0.00	\$0.00		\$0.00				14.
15.	Doors (Ext.)	\$100.00	\$0.00	0%	\$0.00	0%			15.
16.	Doors (Int.)	\$0.00	\$0.00		\$0.00				16.
17.	Partition Wall	\$0.00	\$0.00		\$0.00				17.
18.	Plaster/Drywall	\$0.00	\$0.00		\$0.00				18.
19.	Decorating	\$4,800.00	\$0.00	0%	\$300.00	6%			19.
20.	Wood Trim	\$0.00	\$0.00		\$0.00				20.
21.	Stairs	\$500.00	\$0.00	0%	\$0.00	0%			21.
22.	Closets	\$0.00	\$0.00		\$0.00				22.
23.	Wood Floors	\$1,200.00	\$0.00	0%	\$0.00	0%			23.
24.	Finished Floors	\$0.00	\$0.00		\$0.00				24.
25.	Ceramic Tile	\$1,750.00	\$0.00	0%	\$0.00	0%			25.
26.	Bath Accessories	\$0.00	\$0.00		\$0.00				26.
27.	Plumbing	\$450.00	\$0.00	0%	\$0.00	0%			27.
28.	Electrical	\$450.00	\$0.00	0%	\$100.00	22%			28.
29.	Heating	\$0.00	\$0.00		\$0.00				29.
30.	Insulation	\$0.00	\$0.00		\$0.00				30.
31.	Cabinetry	\$5,950.00	\$0.00	0%	\$0.00	0%			31.
32.	Appliances	\$0.00	\$0.00		\$0.00				32.
33.	Basements	\$0.00	\$0.00		\$0.00				33.
34.	Cleanup	\$0.00	\$0.00		\$0.00				34.
35.	Miscellaneous	\$0.00	\$0.00		\$0.00				35.
36.	<b>Totals</b>	<b>\$28,150.00</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$900.00</b>	<b>3.2%</b>			<b>36.</b>

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.  
 Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.(18 U.S.C. 1001,1012;31 U.S.C. 3729,3802)

This draw request is submitted for payment. All completed work has been done in a workmanlike manner. I hereby certify to the actual cost of rehabilitation as shown above in column 3. I understand that I cannot obtain additional monies from the rehabilitation account without the approval of the lender. I also understand that a 10% holdback will not be released until all work is complete and it is determined that no mechanic's and materialmen's liens have been placed on the property. After the final inspection, the monies in escrow account will be distributed as required by the 203(k) program procedures.

Borrower's Signature  Owner-Occupied  Investor-Builder **X** \_\_\_\_\_ Date \_\_\_\_\_

This draw request is submitted for payment. All completed work has been done in a workmanlike manner. I understand that a 10% holdback will not be released until all work is completed and it is determined that no mechanic's and materialmen's liens have been placed on the property.

General Contractor's Signature (if any) **X** \_\_\_\_\_ Date \_\_\_\_\_

I certify that I have carefully inspected this property on this date. The draw amounts are acceptable except as modified in column 4. I further certify that I have not accepted any work that is not yet completed in a workmanlike manner and I recommend that the rehabilitation escrow funds be released for the completed work.

Inspector's Signature **X** \_\_\_\_\_ I.D. Number **P1234** Date **9/6/2013**

Approved for Release	This Draw	Totals to Date	The Lender is hereby authorized to release the following funds from the escrow account.	
Total from Above	\$ <b>900.00</b>	\$ <b>900.00</b>	Payable to the Borrower \$ <b>810.00</b>	Payable to the Fee Inspector <b>\$175.00</b>
Less 10% Holdback	\$ <b>90.00</b>	\$ <b>90.00</b>	Payable To	\$
Net Amount Due Borrower	\$ <b>810.00</b>	\$ <b>810.00</b>	Signature & Date <input type="checkbox"/> Lender-Authorized Agent <input type="checkbox"/> DE Underwriter <b>X</b>	

Lender Holding Rehabilitation Escrow Account (name, address, & phone number)

- Originating Lender Still Retains Funds  
 Rehab Funds Transferred to:

Rehabilitation Inspection Report \_\_\_\_\_ FHA Case Number \_\_\_\_\_

**I. Inspector of On-Site Repairs and/or Improvements Reveals.**

- |  |  |
|--|--|
| 1. <input type="checkbox"/> Unable To Make Inspection. (explained Below) | 3. <input type="checkbox"/> No noncompliance observed.                 |
| 2. <input type="checkbox"/> Correction essential a explained below.      | 4. <input type="checkbox"/> Acceptable variations as described below.  |
| a. <input type="checkbox"/> Will examine at next inspection.             | 5. <input type="checkbox"/> On-site improvements acceptably completed. |
| b. <input type="checkbox"/> Do not conceal until reinspected.            |  |

**II. Explanation of statements checked above.**

- Draw Inspection     Contingency Reserve Inspection     Final Inspection     Change Order     Other (explain)

Inspection Number

No	
1.	
2.	
3.	
4.	
5.	
6.	
7.	

Certification: I certify that I have carefully inspected this property on this date. I have no personal interest, present or prospective, in the property, applicant, or proceeds of the mortgage. To the best of my knowledge, I have reported all noncompliance, work requiring correction, and unacceptable work. I also certify that this Draw Request is for completed work and I have not accepted any work that is not properly installed in a workmanlike manner.

Signature & Date **X** \_\_\_\_\_ 9/6/2013  
 Consultant/Inspector    Inspector Fee **\$175.00**    ID Number **P0437**  
 Fee Inspector  
 DE Staff Inspector



**PLAZA**  
HOME MORTGAGE INC.

## Lien Waiver and Release

The undersigned ("Affiant"), being first duly sworn, deposes and says:

Affiant is a contractor, subcontractor, material man or an officer, agent or representative of same, who or which has furnished services, labor or materials ("Contractor") in the construction, repair, and/or replacement (the "Work") of improvements upon real property owned by:

Owner's/Borrower's Name: \_\_\_\_\_ Reference No: \_\_\_\_\_

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

Contractor Has Furnished:

(Describe nature of Labor/Materials on the above project)

Total Completed: \$ \_\_\_\_\_

Holdback: \$ \_\_\_\_\_

Total Earned Less Retention (Subtotal): \$ \_\_\_\_\_

Net Draw Amount (Amount of Check): \$ \_\_\_\_\_

A holdback identified above will be retained from the lien release amount until issuance of the Final Release Notice of all construction categories, and the final title policy.

The total of all changes for, and in connection with, all such services, labor and/or materials performed or furnished by Contractor will be paid in full to Contractor upon receipt of completed lien waiver and any other required documentation. Affiant, as Contractor or as an officer, agent, or representative of Contractor, hereby acknowledges complete satisfaction of and forever waives and releases all claims of every kind against Owner or the property referred to above or any other property of Owner, including, but not limited to all liens and claims of liens, that Contractor may have as a result of or in connection with the performance or furnishing of such services, labor and/or materials upon receipt of payment.

Affiant, as Contractor or as an officer, agent or representative of Contractor, further represent and warrants that (a) Contractor has not assigned and will not assign any claim for payment or any right to perfect a lien against said property; (b) all persons or entities who furnished services, labor or materials to Contractor in connection with the Work have been paid all amounts to which they have or may become entitled therefore; and (c) Contractor's portion of the Work is fully completed in accordance with the final plans and specifications therefore.



Affiant, as Contractor or as an officer, agent or representative of Contractor, hereby agrees unconditionally to indemnify Owner and hold Owner harmless from and against all liability, loss, cost, or expense (including, but not limited to, attorneys' fees) now or hereafter incurred, paid, or suffered by or asserted against Owner or any of Owner's property because of any claim or action by Contractor or any subcontractor with respect to the claims, liens, and rights herein waived and released or arising out of any breach or untruth of any warranty or representation herein made.

Affiant represents that Affiant is duly authorized to execute this document on behalf of Contractor.

All of the provisions of this document shall bind Affiant, Contractor, and their heirs, legal representatives, successors, and assigns, and shall inure to the benefit of Owner and Owner's heirs, legal representatives, successors, assigns and sureties.

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

Contractor: \_\_\_\_\_ (Print Name of Company)

\_\_\_\_\_ (Title of Signer)

\_\_\_\_\_ (Signature)

## Step 2 – Requesting a Change Order (if applicable)

### Changes to Project

Prior approval by Plaza is required for any cost overruns or changes involving the contractor, type of work, quality of materials or amount of materials. In the event of such a change, you must complete a Request for Acceptance of Changes in Approved Drawings and Specifications (HUD Form 92577), which is also known as a Change Order Request. This form must be signed and dated by you, the contractor, the HUD Consultant/ Inspector and then sent to Plaza for approval.

Note: Change orders are submitted with the draw request and are processed at the same time. The change order will also include an inspection.

### Change of a Contractor

Notify Plaza and your HUD Consultant Inspector **prior to** changing contractors. If you change contractors, a property inspection will be completed. This inspection will determine if work was properly completed as well as document how much work the original contractor completed and the payment amount owed. In addition to a Change Order Request, you must submit a new Homeowner Contractor Agreement form before approval can be given for any future draw requests from a new contractor. Plaza will pay only the contractor who has signed a Homeowner Contractor Agreement for Work and Materials as shown on the approved Work Write up or Specification of Repairs.

## Step 3 – Submit a Final Draw Request Package

Please contact Plaza and your HUD Consultant Inspector when your home improvement project is complete. At this time, Plaza will send you a Mortgagor's Letter of Completion (see sample), which you will complete and send back to us for processing. Plaza will also contact your appraiser to schedule a final inspection with you. During this period, you, the HUD Consultant Inspector and the contractor will also meet to prepare the final Draw Request inspection.

Within approximately five business days of receipt of the final Draw Request Package, including your signed and dated Mortgagor's Letter of Completion, Plaza will send you a check in the amount of the remaining funds, minus the 10 percent holdback amount, via express carrier.

John Smith
1234 Main Street Anytown, CA 00000
TODAY'S DATE: 10/12/2010 CASE NUMBER: 111-111111 LOAN NUMBER: 123456789
<b>MORTGAGOR'S LETTER OF COMPLETION</b>
The rehabilitation construction and/or improvements, as outlined in the Rehabilitation Loan Agreement (including Architectural Exhibits), have been completed in a workmanlike manner to my/our satisfaction to the above-mentioned property.
I/We request that the Final Inspection by the HUD approved inspector and the Final Release of funds from the Rehabilitation Escrow Account be made to me/us after you receive an acceptable Final Compliance Inspection Report.
I/We understand that you, the lender, if required to protect the priority of the Security Instrument, may retain any "Holdback" reserve funds for a period of not more than thirty five (35) days or a longer time period allowable by state laws to ensure against any liens resulting from the Rehabilitation work done at the subject property. However, at the earliest possible date, I/we request any such funds be released to as appropriate.
This request also directs you to properly distribute the funds remaining in the Rehabilitation Escrow Account that represent the balance of the Contingency Reserve, Mortgage Payment Reserve and inspection fees and other miscellaneous fees that were not used.
<u>John Smith</u> Borrower
<u>October 29, 2010</u> Date

## Step 4 – Release of Holdback Funds

Before issuing a check for the balance of your loan, Plaza must conduct a title search to be sure your title is clear of liens. If a title search indicates that a lien has been placed on your property, Plaza will notify you so you can begin the process of having the lien removed. Once we verify that your title is clear, you will be sent a check which will be payable to both you and your contractor. Please be advised that funds can not be sent through a bank wire transfer. Please make arrangements with your contractor to endorse and cash the check.

Note: If you have paid funds out-of-pocket to a contractor, please submit a signed Unconditional Lien Waiver for each contractor you have paid, along with an itemized report and proof of payment, cancelled check(s), credit card receipts or bank statements.

## Step 5 – Payment of Interest from the Repair Escrow Account

Once Plaza has released the final balance of funds including holdback funds, any amount remaining in the repair escrow account will be applied toward the principal balance of the loan. This includes any unused contingency funds, inspection fees or mortgage payments. These funds are interest-bearing and interest is accounted for and distributed to you based on your given instructions at the time of loan processing.

### Important Reminders

- **Work on rehabilitation must start within 30 days of your loan's closing. Draw requests need to be submitted in a timely manner to keep the project on track. Work must never cease for more than 30 consecutive days. Should you fail to comply with these terms Plaza may refuse to make any further payments under the terms of your Rehabilitation Loan Agreement.**
- **It is very important your project stays on track and moving in a timely manner. In compliance with your Rehabilitation Loan Agreement all your home improvements must be completed within six (6) months from the date of your loan's closing.**
- **Do not change, hire or dismiss a contractor without prior approval from Plaza. As stated on the 203(k) Borrower Acknowledgement you may be obligated under the terms of the original contractor's agreement. Plaza recommends that you seek legal advice before taking such action.**
- **Do not use or plan to use your contingency reserve fund without prior approval from Plaza.**
- **Do not perform any of the work yourself. All work must be performed by the general contractor and/or the sub-contractors previously authorized to perform said work.**
- **It is your responsibility to contact the HUD Consultant Inspector to schedule inspections for each and every draw. Scheduling these appointments in a timely manner will keep your project on track to be completed in the required 6 month period.**
- **All repairs and rehabilitation work performed on your home must be approved by your HUD Consultant Inspector and Plaza. Do not perform work on your home outside of the planned scope of work approved by Plaza and your HUD Consultant Inspector. If your scope of work changes, please see step #2.**
- **Contact Plaza's Loan Servicing Department if you have any questions or need assistance.**

## Loan Servicing Department Contact Information

If you have any questions about your FHA 203(k) rehabilitation loan, please contact:

### **Plaza Home Mortgage, Inc.**

Loan Servicing Department  
4820 Eastgate Mall, Suite 100  
San Diego, CA 92121  
Toll Free: 888-807-2620  
Fax: 858-812-0311

## Frequently Asked Questions

### **1. What if I need to change contractors?**

It is very important that you notify Plaza before changing contractors. The original contractor must be notified in writing (proof of delivery required) and must be given ten (10) days to respond. A property inspection may need to be ordered to document the amount of work completed by the original contractor and the payment amount owed. The new contractor must be approved by Plaza and a Homeowner/Contractor Agreement form, new contractor bid, license, insurance, references, and IRS W-9 form must be completed before approval can be given for the final disbursement request.

### **2. What if there is additional work to be completed and I need to use contingency reserve funds to pay for it?**

Plaza must approve all extra work prior to installation in order for your contractor to be paid through the contingency reserve. The HUD Consultant Inspector and contractor must provide a detailed description of the work with the material and labor costs noted and submitted on the HUD Change order request form. All extra work must meet loan eligibility guidelines and must be inspected.

### **3. What is a "final invoice" from the contractor?**

A final invoice, printed on the contractor's letterhead should contain the following elements for each contractor used: contractor's name and contact information, the initial bid amount, the amount of any additional approved work, the amount paid by each draw request and the total amount now due from the final disbursement.

**4. How many inspections do I need and what if I am having trouble scheduling the inspection?**

Each draw request will require an inspection from the HUD Consultant Inspector. At the completion of the renovation you will need two inspections; one from the HUD Consultant Inspector and one from the home appraiser/inspector. Contact Plaza once the project is ready for final draw. Plaza will order the final appraisal home inspection from the appraiser/inspector and the appraiser/home inspector will contact you to schedule that final inspection. You will contact the HUD Consultant Inspector for each inspection. If at any time the HUD Consultant inspector cannot schedule an inspection ordered by you within a reasonable timeframe to keep your renovation project on track for completion within 6 months, contact Plaza's Loan Servicing Department and we will arrange for another HUD Consultant Inspector to contact you.

**5. What if the work is not complete at the time of inspection?**

If the inspector determines that the rehabilitation work has not been completed satisfactorily, Plaza will send you a copy of the inspection report with the outstanding items highlighted. You must have the outstanding items corrected and notify Plaza when they are completed. Plaza will arrange for a re-inspection of the property when the deficiencies have been corrected.

**6. When can I expect my final disbursement?**

Receipt and review of the final inspection and mechanics lien search will usually take no more than 10 business days. Once those documents are satisfactorily reviewed, the final funds will be disbursed. Holdback funds will be issued to you and the contractor via a two party check sent via regular mail. Any remaining contingency funds will be used as a principal reduction to the loan balance.