

To our valued contractors,

Please **note** information below for details in payment process and procedure

DRAW DISBURSEMENT PROCEDURE ACKNOWLEDGEMENT

LIMITED 203k

- Funds are available 7-10 business days after closing
- All required **PERMITS** must be in place before ANY disbursement of funds will be permitted. Copies of all permits to be forwarded to renovation loan manager, Carla Segal. csegal@mortgagecorp.com
- License and insurances must remain in effect throughout the duration of the project
- There are only “two” draw (fund) requests and ONE inspection for the Limited 203K
- Funds for “material costs only” will be disbursed upon the first draw request- (this figure for “materials costs” is taken from contractor’s original estimate and not to exceed \$15,000.)
- Once the first draw is properly executed and submitted by the 203k department to the accounting department- it will take about 4 -5 business days before a check is drawn.
- There is a 10% holdback on funds for first draw(which will be reimbursed at the time of the last and final draw)
- Checks will be made payable to borrower(s) *and* contractor.
- Once checks are received by the 203k department from the accounting department, they will be sent to borrower via FEDEX overnight – and borrower will be notified of the tracking #, OR if desired, checks may be picked up in our Westbury office
- When renovation project is fully completed, please alert the 203k department and we can schedule an inspection for the final draw.
- A title search is done at time of last draw by 203k department, and if title is clear (showing no mechanic liens), we will disburse the last draw and holdback funds. Should the title update reflect any mechanic or material liens on the property, all remaining funds will be held until such liens are resolved and/or removed.
- Any remaining funds in the rehabilitation escrow will be used to pay down the principal balance of the loan.

Contractor’s Acknowledgement

Date