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OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

MORTGAGEE LETTER 95-40

TO: ALL APPROVED MORTGAGEES

SUBJECT: Single Family Loan Production - Revisions to the 203(k)
Rehabilitation Mortgage Insurance Program

This Mortgagee letter describes additional changes undertaken by the Department to further streamline the Section 203(k) Rehabilitation Mortgage Insurance program. Since increasing the supply of affordable housing through rehabilitation and repair of existing housing stock is one of the primary goals of FHA, we intend to continue to support the Section 203(k) program and the lenders that participate in it.

The revisions described below are the result of a Working Group that met in June 1995, consisting of HUD Offices, lenders, non-profit organizations and government agencies. These changes are effective immediately.

I. THE CONSULTANT

Responsibility: The home inspection and completion of the work write-up and cost estimate are essential elements in processing the Section 203(k) insured loan, in addition to the underwriting steps applicable to a regular mortgage. Therefore, when a consultant is used, it is the responsibility of the consultant, as well as the local HUD Office and the lender to assure that the architectural exhibits are properly prepared. Mortgagee Letter 94-11 explains the role of consultants to borrowers under the 203(k) program.

Each HUD Office must assure that the consultants and plan reviewers are properly trained. On a representative sampling, a consultant's work write-ups and cost estimates are to be desk reviewed by the HUD Office; a field review may also be necessary. Results of the reviews should be forwarded to the consultants, plans reviewers and lenders. These reviews are also integral parts of the annual re-certification sessions for consultants, plans reviewers, and inspectors.

When acceptable by the local HUD Office, the consultant can also perform inspections during the construction period. A Direct Endorsement (DE) staff consultant can also do the inspections for that lender as well as its correspondent lenders. A checklist designed to help the consultant in preparing the architectural exhibits is included as Attachment 1.

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Qualifications: HUD requires at least three years experience as a

remodeling contractor, general contractor or home inspector in order to quality as a 203(k) consultant. The consultant must be able to perform home inspections, prepare the necessary architectural exhibits, and be able to complete the draw inspections on the property during the construction phase of the project. A state licensed architect or engineer may also be accepted. To apply for HUD acceptance, the consultant must submit his or her qualifications (resume') to the local HUD Office and be trained.

In addition, on a demonstration basis through January, 1996, we will also grant automatic acceptance of consultants meeting the above experience requirements and trained and certified by either Countrywide (818-304-5602) or CrossLand Mortgage Corporation (410-825-5700). Both Countrywide and CrossLand will provide lists of trained individuals to the appropriate HUD Offices and to HUD Headquarters. Consultants trained by either Countrywide or CrossLand (or other trainers acceptable to the local HUD Office) should provide a copy of the training certification stating that they have acceptably completed the 203(k) Consultants Training Course. Consultants approved by either are allowed to do business with other lenders and within any HUD jurisdiction and are also approved to do Section 203(k) inspections.

Fees charged by consultants: The fee charged by the consultant can be included in the mortgage as a part of the cost of rehabilitation. The consultant must enter into a written agreement with the borrower that completely explains what services will be rendered and the fee charged. Neither HUD nor the lender will be responsible to the consultant for fees owed by the borrower.

A fee of \$400 is acceptable for a property with repairs less than \$7,500; \$500 for repairs between \$7,501 and \$15,000; \$600 for repairs between \$15,001 and \$30,000; and \$700 for repairs between \$30,001 and \$50,000; \$800 for repairs between \$50,001 and \$75,000; \$900 for repairs between \$75,001 and \$100,000; and \$1,000 for repairs over \$100,000. An additional fee of \$25 can be charged for each additional unit in the property under the same PHA case number. For this fee, the consultant inspects the property and provides all required architectural exhibits.

In some cases, the borrower will request a feasibility study by a consultant prior to submitting a sales contract to a seller. An additional fee of \$100 can be included in the mortgage for this type of service. Basically, the consultant will do a quick home inspection of the property, with a "rough estimate" of the work that will be necessary to comply with HUD's requirements. Maximum fees for compliance inspections on completed work will continue to be set by each HUD Office.

If additional services are required of a state licensed architect or engineer, then the fee is not restricted by the above schedule and can be included in the mortgage as a cost of rehabilitation, provided the fee is customary and reasonable for the type of project being proposed.

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II. LENDER ISSUES

Administration of the rehabilitation (construction) stage: DE lenders approved for Section 203(k) are authorized to permit staff other than

its underwriters to sign draw requests and change orders. This delegation of authority for properly managing the inspection and disbursement functions of the 203(k) Rehabilitation Escrow Account must be included in the lender's quality control plan.

Acceptance of DE staff consultants and inspectors: The increasing volume of Section 203(k) loans has required many lenders to use staff consultants and inspectors beyond the HUD Office jurisdiction in which they were originally approved. In order to facilitate expansion of the program, lenders may use staff consultants and inspectors acceptable to any HUD Office without additional review by each office. The lender must notify the HUD Office that it will be doing the consulting/inspecting. HUD Offices will actively share any information that may be helpful in preparing cost estimates, and will retain the right to reject consultants or inspectors based on poor quality of work in that Office's jurisdiction.

Proposal for lenders to appoint authorized agents to underwrite 203(k) loans: We are in the process of drafting a proposed rule to permit any approved Non-supervised and Supervised Mortgagee to appoint an Authorized Agent(s) to process and/or underwrite FHA insured mortgages. If implemented, this will permit a lender with or without 203(k) experience to use another lender with 203(k) experience for processing and underwriting loans it originates.

Draw request administration and accounting of rehabilitation escrow funds: lenders with unconditional Section 203(k) approval do not need to send the construction documents (interim and final draw requests, extensions, change orders, final release notice and the complete and final accounting form) to the local HUD Office until the Final Release Notice has been issued. At completion, the lender must send all to the local HUD Office.

The 203(k) Maximum Mortgage Worksheet (HUD 92700) and the MCAW: The mortgage credit analysis worksheet (MCAW, form HUD-92900WS) does not lend itself to mortgage calculations for Section 203(k) loans. Form HUD-92700 is used to calculate the mortgage amount while the MCAW is used to qualify the borrower. Attachment 2 is provided to demonstrate those sections of the 203(k) maximum mortgage worksheet that are to be transferred to the MCAW.

III. UNDERWRITING ISSUES

Qualifying Ratios (investment properties): The calculation of qualifying ratios proceeds as described below:

- o From the monthly net rental income of the subject property (gross rents minus the 25 percent reduction or local office's percentage reduction for vacancies and repairs), subtract the monthly payment

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(principal, interest, taxes, insurance). If this yields a positive number, add it to borrower's monthly gross income; if negative, consider it a recurring monthly obligation; then,

- o Calculate the mortgage payment-to-income ratio ("top ratio") by dividing the borrower's current housing expense (principal

residence) by the monthly gross income. (The monthly gross income will include any positive cash flow from the subject investment property.); and

- o Calculate the total fixed payment-to-income ratio ("bottom ratio") by dividing the borrower's total monthly obligations, including any net loss from the subject investment property, by the borrower's total monthly gross income.

Mixed Use Properties: If a portion of a residence is being devoted to commercial purposes, the property value assigned shall be as if completed for residential use, not commercial use. The local office's residential appraisal fee schedule is to be used.

However, the income from the commercial space may be used to support the mortgage as long as it is being currently used as a commercial enterprise and there is a valid lease. This income is to be treated just as is housing unit rental described above.

Recently Acquired Properties (less than six months): If a borrower (owner-occupant or investor) purchases a property with cash within the previous six months, the original sales price may be used as the estimate of value in determining the maximum mortgage amount for a Section 203(k) loan. This will allow the borrower to replenish funds used at the time of purchase. The original purchase price must be documented with a copy of the HUD-1 Settlement Statement and sales agreement. Also see Title Chain Evidence in IV below for additional instructions.

Sales of HUD-owned properties: Since each local HUD office must adjust for local conditions in the marketing of real estate owned, there will always be differences among the local offices. However, to help bring about a degree of uniformity with those elements that can be standardized, we have adopted the following policies:

- o **Revised loan-to-value for investor purchase of HUD-owned properties:** The minimum cash investment for investor purchases of HUD-owned properties using Section 203(k) financing is now uniformly set at 15 percent nationwide. Previously, the maximum percentage of financing on properties purchased from HUD and repaired under Section 203(k) varied from 85 percent to 75 percent. This revision will provide consistency on 203(k) investor downpayment requirements throughout all office jurisdictions.

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- o **Closing costs on HUD-owned properties:** Since HUD has contractually agreed to pay up to the amount specified in Line 5 of the Sales Contract towards the purchaser's closing/financing expenses, a listing of allowable items, or a price listing for those items, normally will not be provided by HUD. The buyer is permitted to use these funds for either financing costs or closing costs. The buyer should indicate how these funds will be used at the time of loan application. However, in the event a local HUD Office does elect to specify either the specific closing/financing items, or the maximum cost for such items for which HUD will pay, that HUD Office will advise the lender.

- o Appraisals on HUD-owned Properties: Local offices have been instructed to provide lenders with a copy of the appraisal report and a list of any required repairs on HUD-owned properties. These appraisals may be used for up to one year from the date of the appraisal.
- o Heat loss/Heat gain calculations: When a new heating or cooling system is proposed, heat loss/heat gain calculations will no longer be required. The determination of the furnace size and type requirements will be left to the buyer and contractor and will not be imposed by FHA.
- o Additional Escrow Commitment procedures: All funds in the rehabilitation escrow account (contingency reserve, construction savings, unused mortgage payments and inspection fees) that remain unspent at the end of construction, will accrue to the escrow commitment account in lieu of being applied to the principal balance. If the assumption of the mortgage does not occur within 18 months, then the escrow commitment account will be applied to the mortgage balance.

Occupant owners attempting to sell their home may refinance the current mortgage with a 203(k) loan and make repairs and improvements prior to placing the home up for sale. If the purchaser of the rehabilitated property is a first-time homebuyer, that buyer can assume the property without a downpayment.

(If the home is sold to an immediate family member, the loan-to-value will be 85 percent.) Please note that unless the property being rehabilitated becomes unoccupiable during construction, mortgage payments will not be considered as a cost of rehabilitation and therefore will not be allowed in calculating the cost of rehabilitation.

When calculating the maximum mortgage amount for the escrow commitment procedure on the 203(k) Maximum Mortgage Worksheet (Attachment 4), please note a change on line E1 that requests the input of the "Assumptor's Estimated Closing Cost." This

closing

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cost includes the allowable assumption fee, title and recording fees, cost of the credit report and attorney fees if applicable.

- IV. LOAN QUALITY ASSURANCE REVISIONS. Although most of our efforts with regard to Section 203(k) mortgages are designed to enhance the ability of lenders to process and close these mortgages, we are also aware that certain elements, primarily those associated with investors and identity-of-interest transactions may contribute to unacceptable risk. The following are actions designed to help FHA as well as the lender manage the risk inherent on Section 203(k) mortgages.

Partnerships: Only general partnerships will be acceptable in this program. All partners must sign as individuals on the note. All parties on the mortgage or deed- of trust must also sign the mortgage note.

Bulk Sales: Borrowers must reveal bulk sales to both the lender and local HUD office. When a borrower purchases properties through a bulk sale of more than two properties (even if HUD is not the seller), each bulk sale must be reviewed by the DE underwriter to assure the proper distribution of the sales price for each property (bulk sale amount divided by the number of properties purchased). An as-is appraisal will be necessary to assure that the contract sales price is not greater than the value of the property. We do not consider it a prudent practice to allow staff appraisers to appraise the properties in bulk sale transactions, therefore all such transactions will be reviewed, after closing, by the local HUD Office.

Identity-of-interest: If there is an identity-of-interest between the buyer and the seller of the property, the parties involved (and/or their family members) cannot use any commission from the sale or listing of the property for the downpayment. In addition, the loan-to-value will be limited to 85 percent and an as-is appraisal of the property will be required. On purchases by a partnership, there must be an arms-length transaction between contractor and borrower to assure no conflict of interest.

Also, there is to be no identity-of-interest between the lender and the borrower on Section 203(k) mortgages. An exception may be made in those situations where a mortgage lender is rehabilitating a property from its real estate owned inventory for resale.

Chain of Title Evidence: The DE lender must obtain evidence of prior ownership when a property was sold in the last year. Prior ownership must be reviewed for undisclosed identity-of-interest transactions. The 203(k) mortgage must be based on the lowest sales price in the last year.

V. APPROVAL OF NON-PROFIT AGENCIES. A non-profit agency, before it can be approved as an eligible mortgagor and obtain the same mortgage amount as available to owner occupants on Section 203(k) mortgages, must demonstrate its experience as a housing provider to HUD and meet all

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other requirements described in HUD Handbook 4155.1 REV-4, paragraphs 1-5. (Otherwise, the non-profit is limited to 85 percent mortgages as any other investor.) It must also be able to provide satisfactory evidence that it has the financial capacity to purchase the properties.

Housing Provider Documentation Requirements. To obtain HUD approval, the nonprofit agency must provide the local HUD office with the following:

- 1) complete articles of incorporation and by-laws of the entity;
- 2) corporate resolution delegating signature authority;
- 3) an outline of current and future housing objectives;
- 4) a marketing plan describing its methodology of renting the units or transferring properties to homeowners through credit qualifying assumptions or other means, if appropriate; and,
- 5) a detailed description of the last two years' experience as a housing provider.

If a non-profit is approved by a HUD Office as eligible to participate

as a mortgagor based on its experience as a housing provider, this approval is acceptable nationwide. However, the non-profit must advise each local HUD Office of its intent to purchase properties within that jurisdiction and provide the local office with a copy of the acceptance letter as well as items 2, 3, and 4 above.

With regard to housing provider experience as well as "rehabilitation" experience, the local Office may include alternate community-based experience (housing counseling, etc.). HUD Offices may also allow neighborhood-based nonprofit organizations to rehabilitate one or two properties at a time until they are able to obtain the two years' experience necessary to take on more units.

A non-profit using the escrow commitment procedure may exceed the 18-month time limit for assumptions if it is offering a lease-with-option-to-assume transaction. In this type of transaction, non-profits are allowed a period of 36 months to complete the assumption. We also strongly recommend that the non-profit provide pre-purchase counseling for the homebuyers, either in-house or from a qualified contractor.

Financial Capacity Documentation: Lenders must be capable of analyzing a nonprofit's financial capacity. Since the application of qualifying ratios is rarely appropriate in this analysis, the lender must be able to otherwise conclude that the non-profit borrower will be able to support the mortgages for which it has applied. (The individual signing the loan application and other documents for the nonprofit agency is not personally obligated on the loan.) In addition to the documents that must be provided to HUD to determine the non-profit agency's eligibility, the lender must obtain the following documents to determine creditworthiness:

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- 1) copies of last two years' tax returns; and
- 2) year-end financial statements for most recent fiscal year and most recent 90-day year-to-date financial statement prepared by an accountant.
- 3) credit reports on all principals of the non-profit organization

Unless the local HUD Office, in consultation with the mortgage lender, has agreed that the non-profit has demonstrated its financial capacity through alternate qualifying methods, the following underwriting criteria must be used by the lender for each loan application:

The non-profit agency must provide the lender financial statements for the most recent two years' documenting unrestricted cash flows or unrestricted and unencumbered reserves, exclusive of rental income from the financed properties, to meet the greater of:

- (a) 10% (ten percent) of principal, interest, taxes, and insurance (PITI) payments due each month on all mortgages for a minimum of six months; or
- (b) total PITI payments for the single largest mortgage for a minimum of six months.

[As an example of the above, a non-profit agency is considering purchasing an inner-city property for lease to low- and moderate-income

families. The estimated monthly PITI on the mortgage will be \$1000; the agency has four other rental properties each with mortgages of \$1000 per month To qualify for FHA-insured financing, analysis would proceed as follows:

- o Sum of PITI of all properties, including the property being purchased: \$5000.
- o (a) $\$5,000 \times 10\% \times 6 \text{ months} = \$3,000$
- o (b) $\$1,000 \times 6 \text{ months} = \$6,000$

The non-profit agency would need to have an unrestricted cash flow of at least \$6,000 per month, or unobligated cash reserves of at least \$6,000.]

- VI. ENERGY EFFICIENT MORTGAGE (EEM) PROGRAM AND SECTION 203(k). Effective immediately, Section 203(k) loans are eligible under the Energy Efficient Mortgages program. Refer to Mortgagee Letter 93-13 (May 24, 1993), for instructions on the basic program requirements for calculating an EEM. Properties of up to four units are eligible for an EEM under Section 203(k).

Under the FHA EEM Program, a borrower can finance into the mortgage 100 percent of the cost of eligible energy efficient improvements, subject to certain dollar limitations, without an appraisal of the energy improvements and without further credit qualification of the borrower.

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To be eligible for inclusion into the mortgage, the energy efficient improvements must be "cost effective," i.e., the total cost of the improvements (including maintenance costs) must be less than the total present value of the energy saved over the useful life of the improvements. The mortgage, subject to the specific underwriting criteria described in ML 93-13, may include the cost of the energy efficient improvements in addition to the usual mortgage amount permitted by regulations. The FHA maximum loan limit for the area may be exceeded by the cost of the eligible energy efficient improvements. However, the entire mortgage cannot exceed 110% of the value of the property.

The cost of the energy improvements and the estimate of the energy savings must be determined based upon a physical inspection of the property by a home energy rating system (HERS) or energy consultant. For a 203(k) loan, the entire cost of the HERS or the energy consultant can be included in the mortgage.

On new construction (an addition or new building on an existing foundation), the energy improvements must be over and above those required for compliance with the current FHA energy conservation standards for new construction. The estimate of the energy savings in new construction must be based upon a comparison of plans and specification of the house with the additional energy saving improvements to those of the basic house which complies with the current FHA energy conservation standards. Presently, these standards are those of the 1992 CABO Model Energy Code (MEC).

The energy inspection of the property must be performed prior to completion of the work writeup and cost estimate to assure there is no duplication of work items in the mortgage. After the completion of the appraisal, the cost of the energy improvements are calculated by the lender to determine how much can be added to the mortgage amount.

Example:

The existing property sold for \$60,000. The borrowers wish to install \$2,000 worth of energy-efficient (EE) improvements that have a useful life of 7 years and will save \$35 in monthly utility costs. The borrowers' closing costs total \$1,200, including the \$250 charge for the HERS inspection report. The interest rate on the 203(k) mortgage is 8.00%. The cost of rehabilitation estimated by the 203(k) consultant is \$20,000. The after-improved value of the property is \$90,000.

\$60,000	Sales price
20,000	Cost of rehab
+ 1200	Closing costs

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\$81,200	Mortgage Basis
x97/95%	Max. Loan-to-Value Ratio
\$77,600	Loan Amount

Please refer to Mortgagee Letter 93-13 for details.

\$2,000	Installed Cost of EE Improvements
7 Years	Expected Life of Improvements
\$35	Expected Monthly Savings
\$420	Expected Yearly Savings
5.206	Present Value Factor (8% Interest Rate @ 7 Years)
\$2,186	EE Premium (5.206PV x \$420 Annual Savings)

Since the present value of the energy savings over the expected life of the improvements (the EE premium) is greater than the installed cost of the improvements, the entire cost of the improvements may be added to the mortgage amount (as shown above):

\$77,600	Mortgage Amount from above
+ 2000	Installed Cost of EE Items
\$79,600	Mortgage Amount with Installed EE Items

VII. CONDOMINIUMS. The Department will now permit Section 203(k) mortgages to be used for individual units in condominium projects that have been approved by FHA or the Department of Veterans Affairs under the guidelines listed below.

The 203(k) program was not intended to be a project mortgage insurance program, as large scale development has considerably more risk than individual single family mortgage insurance. Therefore, condominium rehabilitation is subject to the following conditions:

1. Owner/occupant and qualified non-profit borrowers only; no investors;
2. Rehabilitation is limited only to the interior of the unit.

Mortgage proceeds are not to be used for the rehabilitation of exteriors or other areas which are the responsibility of the condominium association, except for the installation of firewalls in the attic for the unit;

3. Only the lesser of five units per condominium association, or 25 percent of the total number of units, can be undergoing rehabilitation at any time;
4. The maximum mortgage amount cannot exceed 100 percent of after improved value.

After rehabilitation is complete, the individual buildings within the condominium must not contain more than four units. By law, Section 203(k) can only be used to rehabilitate units in one-to-four unit structures. However, this does not mean that the condominium project, as a whole, can only have four units or that all individual structures must be detached.

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Example: A project might consist of 6 buildings each containing 4 units, for a total of 24 units in the project and, thus, be eligible for Section 203(k). Likewise, a project could contain a row of more than four attached townhouses and be eligible for Section 203(k) because HUD considers each townhouse as one structure, provided each unit is separated by a 1 1/2 hour firewall (from foundation up to the roof).

Similar to a project with a condominium unit with a mortgage insured under Section 234(c) of the National Housing Act, the condominium project must be approved by HUD prior to the closing of any individual mortgages on the condominium units. The project must be approved in accordance with Chapter 11 of HUD Handbook 4150.1 REV-1 and must meet the general requirements set forth in paragraphs 11-1, 11-2, and 11-3 (excluding 11-3F). These paragraphs set out the general project approval requirements related to pre-sale, owner-occupancy and condominium document approval.

Because the Section 203(k) program has not previously been used for condominiums, the regulations for the contract of insurance (applicable provisions of 24 CF 203.440 -.495) do not contain certain provisions that ordinarily form part of the contract of insurance applicable when condominiums are involved (24 CF 234.260 - .280). Each lender that intends to use the Section 203(k) program for condominiums pursuant to this Mortgagee Letter must submit to the HUD Office in which the condominium project is located three signed copies of the "SUPPLEMENT TO INSURANCE CONTRACTS." The Supplement (Attachment 3) will permit insurance claims to be processed under the requirements applicable to mortgages insured under the Section 234(c) program. The Supplement may be signed on behalf of the Secretary by the Single Family Housing Division Director in each HUD Office.

VIII. SECONDARY LENDERS: The volume of 203(k) activity has increased and we will exceed our goal of more than 7,500 endorsed loans by the end of the fiscal year (September 30, 1995). Among the reasons for this increase in volume is that more lenders are offering Section 203(k) loans. To continue this trend and help achieve our goals of additional homeownership opportunities, we will provide additional marketing materials, including radio spots and other advertisements.

Further, a list of secondary lenders that have indicated an interest in purchasing Section 203(k) insured mortgages is included in Attachment 4. If other lenders would like to be added to the list, please contact Kenneth Crandall of my staff at (202) 708-2121.

IX. DOCUMENTS

Spanish language 203(k) pamphlets: The Department has translated the 203(k) pamphlet "Rehab a Home with HUD's 203(k)", into Spanish and expects these to be available in the near future.

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203(k) Borrower's Acknowledgement Form: Many lenders believe that the borrower's acknowledgement form should be provided at the time the loan application is taken to assure the borrower understands the 203(k) requirements. The lender is then better protected from borrowers stating that the 203(k) loan process was not adequately explained. The handbook instructions will be revised to suggest that the 203(k) Borrowers Acknowledgement be explained to the borrower, and signed, at the time of application. However, individual lenders will retain the right to determine at what point the acknowledgement will be provided. This revised form (Attachment 6) replaces the 203(k) Applicant Acknowledgement Form found in Handbook 4240.4 REV-2, Appendix 4.

Change Orders: In addition to using form HUD 92577, change orders may also be submitted by letter in any manner agreeable to the parties to the transaction provided items to be changed as well as the cost estimate of the change are described. Acceptance of the change order would be completed on the Rehabilitation Inspection Report.

Revision to 203(k) forms: We have revised several forms that may be used immediately and are mandatory for mortgages closed after January 1, 1996:

1. Form HUD 92700, 203(k) Maximum Mortgage Worksheet (Attachment 5);
2. Form HUD 92700-A, 203(k) Borrowers Acknowledgement (Attachment 6);
3. Form HUD-314, Escrow Commitment Certification (Attachment 7);
4. Rehabilitation Loan Agreement (Attachment 8); and
5. Form HUD 9746-A, Draw Request and Rehabilitation Inspection Report (Attachment 9).

If you have any questions concerning the contents of this mortgagee letter, please contact your local HUD Office.

Sincerely yours,

Nicolas P. Retsinas
Assistant Secretary for Housing
Federal Housing Commissioner

Attachments

Attachment 1

THE 203(k) CONSULTANT

It has never been a requirement of today's typical mortgage originator or underwriter to be an expert in the fields of home inspection or construction. For the 203(k) program to be successful on a grand scale, however, it becomes necessary that someone be expert in these areas, at the time of origination and during construction, in order to prevent inadequate plans for improvement from being approved which could jeopardize the soundness of the mortgage. In order to answer these concerns, FHA has included in its underwriting guidelines the following requirements:

1. A Home Inspection that Categorically Examines the Structure While Reviewing 35 Areas of Concern;
2. A Plan Review to Examine the Customer's Bids in Light of a Site Visit and Review of the Home Inspection Report;
3. The Possibility of a Consultant to Perform all of the above Functions Including Cost Estimates.

WHAT IS THE CONSULTANT'S ROLE

The consultant is the KEY to the 203(k) program. If the lender had to rely on the homebuyer (or their contractor) to do their own work writeup and cost estimate, it would take probably 3 to 6 months to get their package acceptable for the lender to proceed to the appraisal stage. As you can imagine, this is too long for the mortgage lender to deal with the property.

To cut this time frame down to 2 weeks, the lender will allow the borrower to obtain the services of an independent consultant to prepare the construction exhibits. The 203(K) Consultant was created to address the need for DE Lenders to better control timeframes through the use of an individual who can formulate the work write-up by consolidating the functions of a home inspection, site visit and the

creation of the bid package. The ideal Consultant has a construction background with advanced home inspection skills and remodeling experience.

It is the consultant's responsibility to complete the home inspection and construction exhibits as soon as possible after the borrower signs the sales contract, in order for the lender to request the appraisal of the property. In order to attain this goal, the consultant must be able to prepare the work writeup and cost estimate without using a contractor to obtain bids from. It is important for the consultant to use cost estimates that are reasonable for the area in which the property is located. After the work writeup and cost estimate are completed, the borrower will begin the bidding process with the contractors or subcontractors. Hopefully, the borrower can find bids that are lower than the cost estimate. If a bid comes in higher, the borrower will need to discuss this situation with the consultant to determine if the estimate(s) may be too low to complete the job.

The consultant who prepares the work writeup and cost estimate needs to inspect the property to assure:

- o There are rodents, dryrot, termites and other infestation on the property;
- o There are no defects that will affect the health and safety of the occupants;
- o The adequacy of the existing structural, heating, plumbing, electrical and roofing systems; and
- o The upgrading of the dwellings thermal protection (where necessary).

The home inspection report should address any deficiencies that exist and certify the condition of all

major systems: electrical; plumbing; heating; roofing and structural. A wood-boring insect report should be included for all loans. It is possible other reports may also be required. For properties with private sewer and water, a septic certification and a private well analysis is required. If the consultant does not have the expertise to provide all the inspection services that will be needed, they should at least be able to complete their reports with certifications from sub-contractors.

"The Home Inspection is the Cornerstone of a successful FHA 203(k) Mortgage." As a part of the application process for an FHA 203(k) Rehabilitation Mortgage, a home inspection report on the current condition of the property is required. In most cases, the Home Inspection Report will be the Direct Endorsement (DE) Underwriter's only "view" of the property in its as-is condition. HUD is not looking for the consultant to make the house perfect, but only determine if the house needs to be repaired based on the above mentioned items.

It is critically important that this inspection be carried out in the utmost professional and competent manner. The consultant must refrain from making their own personnel opinions about the property, while still maintaining their role as an advisor to the borrower and protecting the interests of the lender and HUD.

Some consultant's are documenting the home inspection with the use of video tape recorders. (A good substitute for the video tape is taking photographs of the problem areas of the property.) This type of thorough and creative approach to the processing of 203(k) mortgages is critical to its successful implementation.

The consultant should not have an identity-of-interest in the

property. The Home Inspection should not be performed by anyone with an identifiable interest in the transaction (seller, buyer or contractor). If the consultant has an identifiable interest in the transaction, then the work writeup and cost estimate that they prepare must be reviewed by a HUD assigned plan reviewer, who will also do the inspections on the property. If there is no identity-of-interest present, then the consultant can perform the Home Inspection function, prepare the architectural exhibits and do the inspections on the property where approved by the local HUD Office.

The following checklist should be used to assure consistency in providing the necessary to the borrower. However, the DE lender can ask for additional exhibits, where necessary. The HUD Office and the lender have the right to review all exhibits to assure that they are complete and the work writeup and cost estimate are adequate to assure compliance with the provisions of the 203(k) program. Where problems exist, the consultant must revise the exhibits where necessary.

ARCHITECTURAL EXHIBIT CHECKLIST

1. Termite report (including all outbuildings)
2. Well and/or Septic report (if applicable)
3. Home Inspection Report
4. Proposed plot plans for new additions;
5. Proposed floor plans (where wall changes occur);
6. Other exhibits as necessary (i.e., cabinetry plans and elevations, new construction exhibits to obtain building permit for an addition, grading and drainage plan);
7. Engineering and Soil/Geotechnical reports as necessary; and the
8. Work Writeup and Cost Estimate.

WHAT TO LOOK FOR WHEN INSPECTING AN

EXISTING HOUSE

1. Rehabilitation of the Existing Structure. The property must comply with HUD Handbook 4905.1, Requirements for Existing Housing.

In addition, the following are required to improve the thermal efficiency of the dwelling:

- a. Weatherstrip all doors and windows to reduce infiltration of air when existing weatherstripping is inadequate or nonexistent.
- b. Caulk or seal all openings, cracks or joints in the building envelope to reduce air infiltration.
- c. Insulate all openings in exterior walls where the cavity has been exposed as a result of the rehabilitation. Insulate ceiling areas where necessary.
- d. Adequately ventilate attic and crawl space areas.

For additional requirements for rehabilitation of existing structures, refer to 24 CFR Part 39, Appendix A-1 through A-6 for standards that apply to improvements proposed as part of the rehabilitation.

2. Replacement Systems. When the improvements involve Replacement Systems the following must be considered:

- a. Heating, ventilating and air conditioning system supply and return pipes and ducts must be insulated whenever they run through unconditioned spaces.
- b. Heating systems, burners and air conditioning systems must be carefully sized to be no greater than 15 percent oversized, except to satisfy the manufacturers' next closest nominal size.

If a new heating/cooling system is proposed, the borrower should work with their contractor to ensure proper sizing of the heating system.

3. Smoke Detectors. Each sleeping area must be provided with a minimum of one (1) approved, listed and labeled smoke detector installed adjacent to the sleeping area. The detector must sense visible or invisible particles of combustion. When activated, the detector must provide an alarm suitable to warn occupants within the sleeping area.

Smoke detectors may be battery powered when installed in existing or rehabilitated dwellings. However, where new construction is being added to an existing building, the smoke detector must receive its primary power from the building wiring, in conformance to local codes and ordinances.

4. Wood Boring Insect Damage. A Certificate of Inspection is required from a professional inspection company. Evidence of past or current infestation and a report on structural damage is to be included along with information on how to correct the problem.

5. Health and Safety Concerns. A report is required on any item in the property that may affect the health and safety of the occupants. This would include peeling paint, the presence of lead paint, missing or broken stairs, rails, etc. Where required, plans for abatement or removal of hazardous substances need to be included in the work proposal. In an area subject to hazardous earthquakes, the property should be reviewed to assure the seismic stability of the structure.

6. Major Systems. A report is required on the adequacy of existing structural, heating, plumbing, electrical, and roofing systems. The report should include

requirements for upgrading of thermal protection of the dwelling. (See above concerning replacement systems and insulation). Separate reports may be submitted in lieu of a comprehensive home inspection if it is more appropriate.

When these systems cannot be completely reviewed, the consultant can recommend a higher contingency reserve of at least 15% and not to exceed 20% of the rehab costs in case problems are found during the construction phase. It may be necessary to require certifications from a contractor in the field of expertise or a professional engineer.

7. Private Water. Individual well water systems will require certifications and the work writeup should address any corrective measures recommended. Also see Mortgagee Letter 95-34.

8. Connection to Public Water and/or Sewer. Whenever feasible, all efforts are to be made to connect the property to an available public sewer system. The cost of the connection could make the hookup infeasible. It could be infeasible to connect because the existing water and/or sewer system are in good working order. The cost of connection could negate the sale of the property, because the after-rehab value of the property would not allow the cost be included in the mortgage.

9. Septic Certifications. Private septic systems are to be inspected and a copy of the inspection report included with the work writeup, including any recommended repairs, improvements or treatment.

Remember, in order to do an adequate Home Inspection Report on the property, continue to refer to HUD Handbook 4905.1 for a complete list of HUD's Requirements for Existing

Housing.

WHAT FORMAT CAN BE USED TO PREPARE
THE WORK WRITEUP

HUD does not require a specific format for preparing the work writeup and cost estimate. However, HUD does require the work writeup be prepared in a categorical manner. Specifically, there are 35 Categories. The categories are the same as those on the Rehabilitation Checklist in Appendix 1 of the 203(k) Handbook 4240.4 and on the Draw Request (form HUD 9746-A). The list should be used to ensure that all requirements are being considered and properly reviewed.

As stated above, the consultant can use any format, however, there are some formats that have already been prepared (and are acceptable to HUD) that the consultant should be aware of:

1. Information Services for Buildings
2841 Hartland Road
Falls Church, VA 22043
(703) 560-0472
2. Computer Systems International
1025 Executive Blvd., Suite 111
Chesapeake, VA 23302
(804) 436-1535
3. Government Mortgage Services
276 Spring Green Road
Warwick, RI 02888
(401-463-9883
4. VMP Mortgage Forms
P.O. Box 26009
Fraser, MI 48026
(800) 521-7291
5. Advanced MicroTech, Inc.
2200 W. Higgins Road, Suite 202
Hoffman Estates, IL 90195
(708) 884-7007

The work writeup and cost estimate should be detailed as to work being performed per the project proposal, including the necessary reports described in the Architectural

Exhibit Checklist discussed above. Lump sum cost figures should be avoided except where unit cost breakdown is not reasonable and sufficient details are provided to determine acceptable cost estimating. It is the intention of the 203(k) program to address all health and safety concerns and bring properties to at least minimum FHA standards after the repairs are complete. After the health and safety concerns are satisfied, the consultant should work with the borrower to determine if additional improvements to the property are desired.

The borrower should be aware that the repairs and improvements cannot exceed the program limits and that they may have to put money out of their pocket or reduce the amount of improvements to make the deal work. Health and safety items cannot be removed from the required repairs.

The list takes one from the outside of the property to the exterior doors, and then through the inside of the house. The list ends with a "Miscellaneous" category for items not addressed elsewhere. It is not expected that work will be performed in each category. If no work is to be performed for any given areas, then the section should be marked "Not Applicable" ("N/A") on the 35 point recap sheet. Special attention should be given to areas of "required work" to ensure that either a quote for the work, or an explanation of why it is not needed, are contained in the proposal. Be sure to indicate location of work to be performed and provide a breakdown of materials and their costs in addition to the labor costs for each project.

1. Masonry. Describe masonry work to be performed, such as: point brick work; stucco; construction of brick walls; construction/repair of brick, masonry or stone chimney; etc. Most estimates will involve square footage projections.

2. Siding. Describe siding work to be performed, such as: replacement of defective siding, fascia & soffits; installation of new vinyl siding with aluminum window trim, etc. Most estimates will involve square footage, lineal footage and length projections.

3. Gutters & Downspouts. Describe gutter and downspout work to be performed, such as: replacement of bad or missing gutters & downspouts; cleaning & opening downspouts; installation of splashblocks, etc. Most estimates will involve lineal footage projections.

4. Roof. Describe roof work to be performed, such as: installation of a new built-up roof, with new metal gravel stops; installation of 240# Sealtab asphalt shingles on all roofs with a 3:12 pitch or greater; etc. Roofs that already have 2 layers of shingles should not be reroofed again. Remove the existing shingles, then reroof with new shingles. Most estimates will involve square footage projections.

5. Shutters. Describe shutter work to be performed, such as: installation of shutters at windows at...; etc. Most estimates will involve pair pricing.

6. Exteriors. Describe exterior work to be performed, such as: removal of defective, buckled wood members; providing a structurally sound porch floor, properly finished; replacement of existing porch with masonry steps and stoops; providing ornamental iron or wood railing or parts; etc. Most estimates will involve lineal or square footage projections.

7. Walks. Describe walk work to be performed, such as: installation of new concrete walks at ...; Installation of concrete steps at ...; etc. Most estimates will involve square and lineal footage projections.

8. Driveways. Describe driveway work to be performed, such as: remove old driveway and apron; install blacktop asphalt drive (minimum 2") over existing drive and apron; install new concrete driveway (minimum 4") and apron with wire mesh; etc. Most estimates will involve square and lineal footage projections.

9. Painting (Exterior). Describe exterior painting work to be performed, such as: scrape, sand smooth and paint a minimum 2 coats of good quality paint at all exterior woodwork and metal; etc. Most estimates will involve square and lineal footage projections.

Required work: all loose/flaking paint must be scraped, primed and double coated.)

10. Caulking. Describe caulking to be performed, such as: caulk all windows and door frames, etc. Most estimates will involve lineal footage or lump sum projections.

Required work: caulk all openings, cracks or joints in the building envelope to reduce air infiltration).

11. Fencing. Describe fencing work to be performed, such as: installation of new fencing; re-setting existing fencing, etc. Most estimates will involve lineal footage projections.

12. Grading. Describe grading work to be performed, such as: removal of debris from yards; application of finish earth; grade and seed; etc. Most estimates will involve square yard and lump sum projections.

13. Windows. Describe window work to be performed, such as: installation of new metal replacement windows; replacement of rotted or defective sash; replacement of rotted sills at

exterior; replacement of basement windows; replacement of cracked/broken glass; replacement of missing glazing putty; repair or replacement of screens; etc. If a particular manufactured window (i.e., Anderson, Pella or Marvin, etc.) is used, then the work writeup should so specify to justify the cost of the windows. Most estimates will involve per window projections.

14. Weatherstripping. Describe weatherstripping to be performed, such as: installation of new weatherstripping at all exterior doors; weatherstrip all windows; install metal interlocking thresholds at exterior doors; etc. Most estimates will involve per unit and linear footage projections.

Required items: weatherstrip all doors and windows to reduce infiltration of air when existing weatherstripping is inadequate or nonexistent.

15. Doors (Exterior). Describe door work to be performed, such as: install new 1 3/4" exterior solid core wood door(s); install 1 3/4" metal insulated door; install 3 new door butts; install new exterior door trim; install new lockset with deadbolt; etc. Most estimates will involve per unit and linear footage projections.

Required items: Be sure to address weatherstripping and caulking of all replacement doors and trim.

16. Doors (Interior). Describe interior door work to be performed, such as: replacement of defective doors; installation of new doors with locksets; installation of locksets where missing or malfunctioning; readjusting all doors for proper closing; installation of bedroom closet doors; installation of bi-fold doors at ...; installation of door trim at ...; etc. Most estimates will involve per unit projections.

17. Partitions (Do not include drywall costs). Describe partitioning work to be performed, such as: framing of new walls and partitions; framing for new closet; etc. Most estimates will involve lineal or square footage projections.

18. Plaster/Drywall. Describe plaster and drywall work to be performed, such as: patch all defective plaster/drywall; finish smooth with existing wall/ceiling finish; install drywall at ...; etc. Most estimates will involve lump sum and square footage projections.

19. Decorating. Describe painting work to be performed, such as: paint interior walls; remove all existing wallpaper at ...; wallpaper walls at ...; remove lead paint contamination and refinish surfaces at ...; etc. Most estimates will involve square and lineal footage projections.

Required items: Because of the concern for lead paint ingestion, all peeling paint conditions must include scraping, priming and double coating of surface areas. It may even be necessary to cover the lead paint up. Some states may require more specific treatment.

20. Wood-Trim. Describe wood-trim work to be performed, such as: replace all cracked, broken, mismatched trim, jambs, etc.; remove all unused hinges, curtain rod hangers, nails, screws, etc.; replace all wood trim at interior door units, base, shoe & other trim; replace defective wall panelling at ...; etc. Most estimates will involve square and lineal footage, per unit, and lump sum projections.

21. Stairs. Describe stair work to be performed, such as: replace bad basement treads and risers; replace main stairs, treads and risers; replace broken and/or missing

baluster; provide handrails; install new stairs at...; etc. Most estimates will involve lump sum and lineal footage projections.

Required Items: Stairways must have hand rails; broken and/or missing baluster must be replaced.

22. Closets. Describe closet work to be performed, such as: install new shelves, clothes rods; etc. Most estimates will involve lineal footage projections.

23. Wood Floors. Describe wood floor work to be performed, such as: replace all defective flooring, holes in floors, etc., with wood flooring to match existing floors; sand, fill and refinish wood floors; install new hardwood floors at ...; etc. Most estimates will involve square footage projections.

24. Finish Floors. Describe finish floor work to be performed, such as: install vinyl asbestos tile or sheet goods with 1/4" underlayment at ..; install carpet and pad at ...; etc. Specify nonstandard type flooring to justify the cost estimate. Most estimates will involve square yard projections.

25. Ceramic Tile. Describe ceramic tile work to be performed, such as: install ceramic tile wainscot in bathtub area for shower height; install ceramic tile floor at ..; install Marlite wainscot in bathtub area for shower height; replace defective tile in bath; replace defective tile in kitchen; etc. Most estimates will involve square footage or lump sum projections.

26. Bath Accessories. Describe bath accessory work to be performed, such as: replace medicine cabinet in bath; install paper holder; install towel bar(s); install soap dish; install grab bar in tub/shower; etc. Most estimates will involve per unit projections.

27. Plumbing. Describe plumbing work

to be performed, such as: install new hot & cold water piping; install 30 gal. (min.) glass lined gas hot water heater (52 gal. if electric); install new kitchen stainless steel sink; install 3-piece bathroom with shower over tub; install laundry tray with faucet; replace washers at faucets; replace defective sewer lines; connect to public sewer line; replace defective faucet at ...; etc. Most estimates will involve per unit, lump sum and lineal footage projections.

Required items: When feasible, connect to public sewer systems where available.

28. Electrical. Describe electrical work to be performed, such as install 100 amp service; replace frayed exterior wire from service to main and into exterior panel box; install new ceiling light wall switches; install new lighting fixtures at ...; install new exterior lighting; replace wall receptacles; install 3-way switch; install smoke detectors; install exterior wall exhaust fan(s); etc. Most estimates will involve per unit and lump sum projections.

Required work: 30 amp service must be upgraded to 100 amp minimum. Each sleeping area must be provided with a minimum of one (1) approved, listed and labeled smoke detector installed adjacent to the sleeping area. Smoke detectors may be battery powered when installed in existing or rehabilitated dwellings. However, where new construction is being added to an existing building, the smoke detector must receive its primary power from the building wiring, in conformance to local codes and ordinances.

29. Heating. Describe heating and air conditioning work to be performed, such as: install new forced warm air heater; install new

hot water boiler; install automatic flow control valve; install temp control valve at boiler; install heat supply outlet in each room; install heat FWA grilles at ...; etc. Most estimates will involve per unit and lump sum projections.

Required work: Heating, ventilating and air conditioning system supply and return pipes and ducts must be insulated whenever they run through unconditioned spaces. Heating systems, burners and air conditioning systems must be carefully sized to be no greater than 15% oversized, except to satisfy the manufacturers' next closest nominal size. If a new heating/cooling system is proposed, the borrower should assure that the contractor properly sizes the system.

30. Insulation. Describe insulation work to be performed, such as: install insulation in crawl space, R- ; install insulation batts in attic, R- ; install R-13 insulation batts in exterior walls; etc. Most estimates will involve square footage projections.

Required improvements: 1) Insulate all openings in exterior walls where the cavity has been exposed as a result of the rehabilitation; 2) Insulate ceiling areas where necessary; 3) Replacement heating, ventilating, and air conditioning systems supply and return pipes and ducts must be insulated whenever they run through unconditioned spaces.

31. Cabinetry. Describe cabinetry work to be performed, such as: install new base cabinets at ...; install new kitchen countertop; install new vanity at ...; replace vanity countertop at ...; etc. It may be necessary to provide cabinet elevations to show proper placement of cabinets (homebuyer can obtain

from building supply company). Most estimates will involve lump sum and linear footage projections.

32. Appliances. Describe new appliances to be installed, such as: install new range at ...; install new refrigerator at ...; install new dishwasher and disposal at ...; etc. Most estimates will involve per unit projections.

Required items: Appliances must be new and not used to be included in the mortgage. Homebuyer can provide used appliances, however, the cost cannot be included in the mortgage.

33. Basements. Describe basement work to be performed, such as: install minimum 3" thick concrete floor; cement parge basement walls; provide dry basement; install new sump pump; replace termite (or other woodboring insect) damaged joists; etc. Most estimates will involve lump sum, per unit, and square footage projections.

34. Cleanup. Describe cleanup work to be performed, such as: remove debris from property exterior; remove debris from property interior; broom clean all floors, clean all windows; clean all plumbing fixtures and appliances; rental for dumpster; etc. Most estimates will involve lump sum projections.

35. Miscellaneous. Describe any other work to be performed, such as: demolition, raze existing unsafe garage; repair of detached outbuildings; move existing house onto mortgaged lot; landscaping; repair of swimming pools; etc.

ATTACHMENT 2

ATTACHMENT 2 CONTAINS MORTGAGE CREDIT ANALYSIS WORKSHEET

ATTACHMENT 3

SUPPLEMENT TO INSURANCE CONTRACTS

(Mortgagee - name) and the Assistant Secretary of Housing-Federal Housing Commissioner acting on behalf of the Secretary of the Department of Housing and Urban Development (Secretary) agree as follows:

1. Mortgagee Letter 95- allows Paragraph 1-4 of Handbook 4240.2 REV-2, under specified conditions, to permit rehabilitation loans for property in condominium projects ("condominium Leans") to be insured under Section 203(k) of the National Housing Act. In reliance on this policy, the Mortgagee intends to request insurance under Section 203(k) for condominium loans.
2. In compliance with a condition of the policy, the contract of insurance for each condominium loan will include the provisions of 24 CFR 234.260-280 in addition to the applicable provisions of 24 CFR 203.440-495.
3. The Mortgagee will include a copy of this Supplement to Insurance Contracts in the loan file for each condominium loan that is endorsed for insurance.
4. This Supplement to Insurance Contracts shall be binding on each mortgagee that receives as assignment of a condominium loan insured under Section 203(k).

MORTGAGEE
[Name]

By:

[Name and title] [Date]

SECRETARY

BY:
[Name and title] [Date]

ATTACHMENT 4

203(k) Secondary Lenders
(September 1, 1995)

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Broadview Mortgage
95 E. Wilson Bridge Road
Worthington, OH 43085

Contact: Lenny Zangardi
(614)436-2000 2. Federal Savings Bank & Mtg.
2800 Cantrell Road, Suite 500
Little Rock, AR 72202

Contact: Dennis Mills
(501) 280-3500 or (800) 395-6001 3. Liberty Mortgage Company
473 E. Rich Street
Columbus, OH 43215 | <ol style="list-style-type: none"> 7. Federal National Mtg. Asso.
(FANNIE MAE)
3900 Wisconsin Avenue, NW
Washington, D.C. 20016-2899

Contact: Herb Moses
(202) 752-6011 8. M & T Mortgage Corporation
P.O. Box 390
Clifton Park, NY 12065

Contact: Jane King
(518) 877-3500 or (800) 726-5851 9. Commonwealth United Mtg.
4490 Holland Office Park
Suite 100 |
|--|---|

- Contact: Vickie Harmon
(614) 224-4000
4. MICE Incorporated
1640 Powers Serry Road
Bldg 6, Suite 300
Marietta, GA 30067
- Contact: Jack Goodman
(800)877-2130
5. Miami Valley Bank
24370 Northwestern Highway
Southfield, MI 48075
- Contact: John Townsend
(513)843-4000
6. Malone Mortgage Corporation
8214 Westchester, Suite 606
Dallas, TX 75225
- Contact: William McGuire
(214) 696-0386
13. CrossLand Mortgage
3902 State Street
Salt Lake City, UT 84107
- Contact: Ron Pedersen
(801) 269-7679 or (800) 446-3300
14. Countrywide
Correspondent Lending Division
MS 5-53
155 N. Lake Avenue
Pasadena, CA 91101
- Contact: Marius Nicolau
(818) 304-5805 or (800) 669-6680
15. Carl I. Brown and Company
612 W. 47th Street
Kansas City, MO 64112-1911
- Contact: Steve Bondank
(816) 931-8988 or (800) 678-1979
16. SCME Mortgage Bankers
6265 Greenwich Drive, Suite 200
San Diego, CA 92122
- Contact: Doris Davies
(619) 558-2700 or (800) 448-SCME
- Virginia Beach, VA 23452
Contact: John Third
(804) 456-0155 or (800) 203-203k
10. Federal Home Loan Mtg. Corp.
(FREDDIE MAC)
1410 Springhill Road
McLean, VA 22102
- Contact: Chris Ritchey
(703) 918-5062
11. Waters Mortgage Corporation
8751 W. Broward Blvd., Suite 500
Plantation, FL 33324
- Contact: John Gordon
(305) 370-3339 x213
12. Sun West Mortgage Company
18303 Gridley Road
Cerritos, CA 90701
- Contact: Sanat Shankardass
(714) 898-8538 or (800) 453-7884
17. American City Mortgage
20501 S. Avalon Blvd.
Carson CA 90746
- Contact: Patrick Theodora
(310) 380-6459
18. Prudential Home Mortgage
3200 Robbins Road
Springfield, IL 62794
- Contact: Cheryl McKinney
(217) 547-7500 or (800) 832-1298
19. Universal Lending Corporation
6775 East Evans Avenue
Denver, CO 80224
- Contact: Bruce Bowler
(303) 759-7323 (Colorado Lenders
Only)

ATTACHMENT 5

ATTACHMENT 5 CONTAINS 203(k) MAXIMUM MORTGAGE WORKSHEET.

ATTACHMENT 6

ATTACHMENT 6 CONTAINS FORM HUD-92700-A, 203(k) BORROWER'S ACKNOWLEDGEMENT.

ATTACHMENT 7

ATTACHMENT 7 CONTAINS FORM HUD-314, ESCROW COMMITMENT CERTIFICATION.

ATTACHMENT 8

ATTACHMENT 8 CONTAINS REHABILITATION LOAN AGREEMENT.

ATTACHMENT 9

ATTACHMENT 9 CONTAINS FORM HUD-9746-A, DRAW REQUEST - SECTION 203(k).