Renovation Draw Process Acknowledgement Disclosure

When the Contractor desires a draw, the draw request documentation will be prepared by the HUD Consultant and signed by all parties. The number of draws will be determined by the Consultant prior to the closing of the loan. When permits are required, those fees may be reimbursed to the Contractor at closing with proper documentation. The final payment to the Contractor will be made following completion of all work, as evidenced by an inspection provided by the Consultant and release of any and all liens arising out of the contract or submission of receipts or other evidence of payment covering all subcontractors or suppliers who could file a legal claim. Lender reserves the right to have all work verified by an inspection report before disbursement to Contractor.

All draw requests must be submitted directly to American Financial Resources, Inc. Renovation Department. The appropriate Draw Request Form is to be completed and executed by the Consultant, Contractor and the Borrower for each draw.

Please submit via e-mail to <u>renovation@afrwholesale.com</u>. AFR's Renovation Department will review the documentation. Upon approval of each draw request, inspection and contractor lien waiver, funds will be disbursed to the Contractor via ACH bank transfer to Contractor's account *only* after receipt of authorization and consent by the Borrower. It is anticipated that the time from submittal of an acceptable request and an inspection report to AFR's Renovation Department until the ACH bank transfer is issued for delivery to the contractor will be approximately 2-3 business days, unless there are delays by the inspector and/or closing agent, or Borrower.

Any questions related to draws are to be addressed with AFR's Renovation Department.

You may contact them by phone at (800) 624-0501, by fax at (866) 797-3137, by e-mail at <u>renovation@afrwholesale.com</u>, or by mail at: American Financial Resources, Inc. 8 Campus Drive, Suite 401 Parsippany, NJ 07054 Attn: Renovation Department

Please Note: All change orders must be submitted by the Consultant to AFR's Renovation Department for Lender approval prior to disbursement.

By signing below, you are acknowledging that you understand the draw procedure and accept the responsibility of this disclosure.

Contractor's Company Name	Contractor's Name printed	
Contractor's signature	Date	
Borrower's signature (only one signature is required)	Date	
AFR's Loan Number		

LIEN RELEASE

THIS AGREEMENT ("Agreement"), including the provisions below is made this _____ day of _____, 20____, between the Borrower (hereinafter defined) and Contractor (hereinafter defined).

W HEREAS, American Financial Resources, Inc., is a duly licensed Mortgage Banker with principal offices at 8 Campus Drive, Suite 401, Parsippany, NJ 07054 ("AFR");

WHEREAS, is an individual(s) approved by AFR for a rehabilitation loan ("Borrower") subject to all regulations and procedures established by AFR guidelines in connection with the rehabilitation of a property locate d at ("Property");

W HEREAS, Borrower has given a Mortgage, Deed of Trust or Security Deed (" Security Interest ") to AFR to secure Borrower's Note (" Note") in connection with the Property; and

WHEREAS, the Property has been fully and finally rehabilitated in accordance with an approved Homeowner/Contractor Agreement submitted to AFR by Borrower according to terms and condition s agreed to by ______("Contractor ");

NOW THERE FORE Contractor acknowledges that upon the receipt and sufficiency of an ACH wire from AFR in the amount of \$ payable to Contractor that unless such payment has been returned by the bank upon which it is drawn within thirty (30) days, it will satisfy any and all obligations on the part of AFR and/or Borrower with respect to Work performed at the Property in accordance with the Homeowner/ Cont ract or Agreement and that all ser vices and/or goods supplied by Contractor and their sub-contractors, if any, are paid in full and th at t his document shall become effective to release any mechanic's lien stop notices or bond rights Contractor , or any sub-contractor may have with respect to the Property.

Contractor does hereby certify that all laborer s, material, equipment and services used for the above referenced job have all been paid in full.

Contractor shall forever release and hold harmless AFR and Borrower from any claims with respect to the rehabilitation goods and/or services supplied by and through.

Contractor, directly or indirect ly through a sub-contractor and shall indemnify AFR and Borrower for any claims brought by any subcontractor or other third party therefor.

This release covers the final payment by AFR to Contractor for all labor, services equipment or material furnished on the job and fully and finally satisfies any and all obligations of AFR and Borrower to Contractor and their sub-contractors, if any.

Date	Signed
Name and Title	
Contractor Company Name	
Contractor License#	
Federal Tax Payer ID #	
Address	
City, State, Zip	
Phone Number	

This executed document should be sent to renovation@af rw holesale.com

IMPORTANT NOTICE REGARDING CONTINGENCY FUNDS ON RENOVATION LOANS

EACH CONTRACTOR MUST SIGN AND DATE THIS DISCLOSURE

A contingency fund is for the sole purpose of unforeseen issues that develop as a result of the proposed scope of work det ai led in the lender approved agreements.

THEREFORE, THE CONTINGENCY FUNDISNOT AUTHORIZED TO BE USED FOR WORK THAT IS UNRELATED TO THE SCOPE OF WORK IN THE LENDER APPROVED AGREEMENTS.

FURTHERM ORE, THE FUNDS CAN ONLY BE USED WITH APPROVAL PRIOR TO THE WORK STARTING.

In order to request approval for any qualified changes, Borrower(s) and Contactor must submit a fully completed and executed change order request using the form "Re quest for Acceptance of Changes". This form is available on the Forms page of AFR's website at <u>www.resources.afrloancenter.com</u>. You may submit this completed form to AFR either by fax at (866)797-3137, by e-mail at <u>Renovation@afrwholesale.com</u>, or by mail at:

American Financial Resources, Inc. 8 Campus Drive, Suite 401 Parsippany, NJ 07054 Attn: Renovation Department

If you have any questions, please call 800-624-0501.

ALL PAYMENTS TO THE CONTRACTOR FOR ANY CHANGES IS SOLELY THE RESPONSIBILITY OF THE BORROWER IF THE BORROWER ALLOWS ADDITIONAL WORK TO BE PERFORMED WITHOUT PRIOR WRITTEN APPROVAL FROM AFR'S RENOVATION DEPARTMENT.

If your request is approved you will be notified in writing by AFR's Renovation department.

PLEASE NOTE: DO NOT BEGIN WORK WITHOUT NOTICE OF APPROVAL BY AFR'S RENOVATION DEPARTMENT.

By signing below, you are acknowledging that you understand the procedures and requirements for the use of the contingency funds and fully accept your responsibility as stated above.

CONTRACTOR ' S COMPANY NAM E	
CONTRACTOR 'S SIGNA TURE	
EXECUTED BY (Please Print Clearly)	DA TE
BORROWER'SSIGNATURE	DATE
CO-BORROW ER'S SIGNATURE	DATE

Mortgagor's Letter of Completion

To American Financial Resources, Inc

RE:

Name of Borrower(s)	
Property Address	

The rehabilitation construction and/or improvements, as outlined in the Rehabilitation Loan Agreement and the accepted appraisal of my loan, 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 approved inspector and the Final Release of funds from the Rehabilitation Escrow Account be made to my contractor after you receive an acceptable Final Compliance Inspection Report.

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, inspection fees and other miscellaneous fees that were not used. I/We understand that you, the lender, if required to protect the priority of the Security Instrument may retain any funds remaining in the Rehabilitation Escrow Account 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.

I/We understand that these remaining funds will be sent to the current servicer of my/our mortgage to be used as a principle reduction of the remaining balance and does not change the current term or payments. I/We understand that I/We must make the regularly scheduled mortgage payment.

This executed document should be e-mailed to: Renovation@afrwholesale.com

Borrower(s) Signature	Date	Borrower(s) Signature	Date
Borrower(s) Signature	Date	Borrower(s) Signature	Date