

[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 request the final draw funds from your FHA 203(k) loan.

This guide is designed to make the final draw process as clear and straightforward as possible to successfully complete your home 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.**  
4820 Eastgate Mall, Suite 100  
San Diego, CA 92121  
Toll Free: 888-807-2620  
Fax: 858-812-0311

Sincerely,

Loan Servicing Department

Borrower's Name: [Borrower Name]  
Property Address: [Borrower Address]  
[City, State Zip]

FHA Case Number: [000-0000000-000]  
Loan Number: [1234567890]

**Homeowner's Notice of Work Completion**

The rehabilitation construction and/or improvements, as outlined in the Rehabilitation Loan Agreement for the above referenced property, are now 100% complete, in a workmanlike manner to my satisfaction.

I request that the final release of funds from the Rehabilitation Escrow Account be made to me, once a satisfactory final inspection of the property is made by a qualified inspector, along with verification that there are no outstanding mechanics liens on the above mentioned property.

I understand that the processing time for ordering and reviewing the above inspection and mechanics lien search will take approximately 15 business days, and once satisfactorily reviewed, the final funds will be disbursed.

This request also directs you to apply any remaining funds in the Rehabilitation Escrow Account that represent the balance of the Contingency Reserve, inspection fees and other miscellaneous fees that were not used, towards the principal balance on my loan.

Borrower Signature

Date

Borrower Signature

Date

Received by Plaza Home Mortgage, Inc.

Date

## Final Draw Request Overview

The final draw request process is outlined below. **You will be responsible for completing these steps**, with help from Plaza and your contractor. Plaza will be responsible for issuing the final draw funds at time of request. This guide will cover each step in detail.

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

- Plaza must receive the Final Draw Request Package no later than 6 months after a loan closing. Work must start within 30 days of closing and may never cease for more than 30 consecutive days.
- Once you and your contractor have determined all the work has been completed, the final draw request should be made and it is your responsibility to schedule the final inspection by contacting Plaza.
- You and your contractor should always be present during the final inspection in case any questions arise.

### Loan Disbursement Overview

A final disbursement is the release of funds from your FHA 203(k) Rehabilitation Loan. The final disbursement process has four basic steps. **You are responsible for steps 1\*(if applicable) and 2.** Plaza is responsible for completing steps 3 and 4.

(\*As applicable, contractor should work with you to assist in submitting change orders.)

Steps 1 – 2 Are Your Responsibility		Steps 3 – 4 Plaza to Complete	
→ <b>STEP 1:</b> Requesting a Change Order (*if applicable)	→ <b>STEP 2:</b> Submit Final Draw Request Package	→ <b>STEP 3:</b> Release of Escrow Funds	→ <b>STEP 4:</b> Payment of Interest from the Escrow Fund Account

### Step 1 – 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 and the contractor and then sent to Plaza for approval.

#### Change of a Contractor

Notify Plaza **prior to** changing contractors. 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. 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 final draw requests for 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 Homeowner Contractor Agreement.

## Step 2 – Submit a Final Draw Request Package

Once the rehabilitation construction and/or improvements, as outlined in the Rehabilitation Loan Agreement for the above referenced property, are 100% complete, in a workmanlike manner and to your satisfaction, and your contractor requires payment for finished work, submit a complete Final Draw Request Package.

### **Final Draw Request Package must contain the following documentation:**

**Notice of Completion** - The Notice of Completion needs to be signed by you, once rehabilitation construction and/or improvements, as outlined in the Rehabilitation Loan Agreement for the above referenced property, are 100% complete, in a workmanlike manner, to your satisfaction.

**Contractors Final Invoice** - 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, less the first draw amount paid and the total amount now due from the final disbursement.

**Lien Waiver and Release** - Signed by the general contractor and all subcontractors. Please be aware that Plaza may request a lien release during the construction process as sub contractors and contractors work is completed.

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

## Step 3 – Release of Holdback Funds

Before issuing a check for the balance of your loan, Plaza must conduct a final inspection and title search. Plaza will order the final appraisal home inspection from the appraiser and the appraiser will contact you to schedule that final inspection. If at any time the Appraiser cannot schedule an inspection ordered by Plaza 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 Appraiser to contact you.

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 the 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 4 – 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. Work must never cease for more than 30 consecutive days. Should you fail to comply with these terms Plaza may refuse to make the final 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.**
- **All repairs and rehabilitation work performed on your home must be approved by Plaza. Do not perform work on your home outside of the planned scope of work approved by Plaza. If your scope of work changes, please see step #1.**
- **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