

Notice to Contractor

The following information is needed for you to be prepared for working with a 203K loan project. It is very important that your original bid is concise and meets the following requirements. If your bid does not meet the requirements it will hold up the loan process. If you have any questions please call us prior to submitting your bid.

Information regarding 203K Loans and contractors:

- There are no funds available for up-front startup costs.
- This loan is in a mortgage programs with set program requirements that must be followed.
- All funds are disbursed after work has been completed in a workmanlike fashion and signed off on and approved by the HUD Consultant.
- All funds are released if work is completed as per the work write-up.
- Do not complete work unless outlined in the specification of repairs form (work write-up)
- No funds available for changes unless approved by the Lender and HUD Consultant first.
- All disbursements will be less a 10% or larger holdback until project completion.
- All disbursements will be made by two party checks to the contractor and borrower/homeowner.

Proper Bid Procedure

1. All items in the quotation must be notated with the following units of measure:
Each = EA Liner Foot = LF Square Foot = SF Square yard = SY Lump Sum = LS
2. All work must conform for safety and adhere to proper industry standards as well as all local and state building codes.
3. The proposed work, and the materials used, should be explained in detail to assure a complete understating of the required work for all parties involved. For major items (i.e. Kitchen cabinets, appliances, HVAC equipment exc.) The description of the item should include: the make and model number or attach the manufactures brochure to the quotation.
4. Provide other drawings as necessary to assure a complete understanding of the required work from the contractor. The following architectural exhibits are required in certain circumstances.
 - a. A plot plan of the site is required only if a new addition is being proposed to the existing structure.
 - b. Proposed interior plan of the dwelling. Show where structural or planning changes are contemplated; include all details.
 - c. Provide kitchen cabinet elevations, deck drawings and other exhibits as necessary to properly describe the proposed works per the architectural exhibits.
5. Bids must be completed prior to loan SOR completion and are required at start of Loan process. Bids must be submitted to the HUD Consultant directly by email.

Contractor requirement for 203K Loans:

- Complete a Homeowner/Contractor Agreement
- Provide a copy of your sate business licensed or proof of contractor by trade
- Complete a W9 form
- Provide a copy of your insurance binder showing general liability and workers compensation if you have employees.
- Provide completed bid as required by 203K HUD Consultant in a timely manner.
- Permits are required for all work per local A.H.J and SOR (work right-up) and copies may be required at time of draw request to validate work.

Example Bid ~ Quotation

Quotation

ABC Construction

DATE: 1/10/2010

123 Main Street, Any town, IL 10000
 Phone 555-555-5558 Fax 555-555-5555

WORK Subject Property Address
 LOCATION 222 Main Street, Any Town, IL 10000

LINE #	DESCRIPTION OF WORK	LABOR	MATERIAL	AMOUNT TOTAL
1	<i>Walk and trip hazards: Replace 2- 9 SF sections of concrete that have sunk with new concrete to match.</i>	\$300.00 EA	\$200.00 LS	\$500.00
2	<i>Remove existing and install, sand and finish interior hardwood flooring totaling 1200 SF.</i>	\$4259.00 EA	\$8,241.00 LS	\$12,500.00
3	<i>Replace 4 window units in second floor master bedroom west and north wall with Pella (HG1042) replacement double hung insulated low-e, argon filled windows.</i>	\$400.00 EA	\$1,600.00 LS	\$2,000.00
			Total Due	\$15,000.00