Draw Request
Section 203(k)

U.S. Department of Housing and Urban Development
Office of Housing

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Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information collection involves an expanded information requirement for lenders that originate and service Section 203(k) mortgages. The purpose of the information is to help mitigate program abuses. The expanded information focuses on the loan origination process and requires increased documentation and strengthened internal control procedures. Periodic reporting of the information is not required. The information also includes information that was voluntarily accepted by the 203(k) lending community. The information provides a more comprehensive basis for evaluating lender underwriting practices and thereby improves risk management of the 203(k) loan portfolio. Responses are required to obtain benefits under Section 203(k) of the National Housing Act (12 U.S. C. 1703). No assurance of confidentiality is provided.

Borrower's Name & Property Address	Lender's Name & Address	FHA Case Number	
		This Draw Number	Date

I certify that I have carefully inspected this property for compliance with the general acceptability requirements (including health and safety) in Handbook 4905.1. I have reviewed the attached architectural exhibits and the estimated rehabilitation costs listed in column **1**, below; they are acceptable for the rehabilitation of this property. I have no personal interest, present or prospective, in the property, applicant, or proceeds of the mortgage. To the best of my knowledge, I have reported all items requiring correction and that the rehabilitation proposal now meets all HUD requirements for 203(k) Rehabilitation Mortgage Insurance.

HUD-Accepted Consultant / Plan Reviewer's Signature & Date

X

Suggested Contingency Reserve Amount

%

	Construction Item	Total Escrow **Col. 1**	Total Cost of Rehabilitation: Previous Draw Totals **Col. 2**	%	Request for This Draw **Col. 3**	%	Inspector/Lender Adjusted Amounts **Col. 4**	%	
1.	Masonry								1.
2.	Siding								2.
3.	Gutters/Downspouts								3.
4.	Roof								4.
5.	Shutters								5.
6.	Exteriors								6.
7.	Walks								7.
8.	Driveways								8.
9.	Painting (Ext.)								9.
10.	Caulking								10.
11.	Fencing								11.
12.	Grading								12.
13.	Windows								13.
14.	Weatherstrip								14.
15.	Doors (Ext.)								15.
16.	Doors (Int.)								16.
17.	Partition Wall								17.
18.	Plaster/Drywall								18.
19.	Decorating								19.
20.	Wood Trim								20.
21.	Stairs								21.
22.	Closets								22.
23.	Wood Floors								23.
24.	Finished Floors								24.
25.	Ceramic Tile								25.
26.	Bath Accesories								26.
27.	Plumbing								27.
28.	Electrical								28.
29.	Heating								29.
30.	Insulation								30.
31.	Cabinetry								31.
32.	Appliances								32.
33.	Basements								33.
34.	Cleanup								34.
35.	Miscellaneous								35.
36.	**Totals**								**36.**

ref. Handbook 4240.4 form **HUD-9746-A** (8/95)

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

This draw request is submitted for payment. All completed work has been done in a workmanlike manner. I hereby certify to the actual costs of rehabilitation as shown above in column 3. I understand that I cannot obtain additional monies from the rehabilitation escrow account without the approval of the lender. I also understand that a 10% holdback will not be released until all work is complete and it is determined that no mechanic's and materialmen's liens have been placed on the property. After the final inspection, the monies in the escrow account will be distributed as required by the 203(k) program procedures.

Borrower's Signature ☐ Owner-Occupant ☐ Investor/Builder X | Date

This draw request is submitted for payment. All completed work has been done in a workmanlike manner. I understand that a 10% holdback will not be released until all work is completed and it is determined that no mechanic's and materialmen's liens have been placed on the property.

General Contractor's Signature (if any) X | Date

I certify that I have carefully inspected this property on this date.The draw amounts are acceptable except as modified in column 4. I further certify that I have not accepted any work that is not yet completed in a workmanlike manner and I recommend that the rehabilitation escrow funds be released for the completed work.

Inspector's Signature X | I.D. Number | Date

Approved for Release	This Draw	Totals to Date
Total from Above	$	$
Less 10% Holdback	$	$
Net Amount Due Borrower	$	$

The Lender is hereby authorized to release the following funds from the escrow account

Payable to the Borrower	Payable to the Fee Inspector
$	$

Payable to | $

Signature & Date

☐ Lender-Authorized Agent

☐ DE Underwriter X

Lender Holding Rehabilitation Escrow Account (name, address, & phone number)

☐ Originating Lender still Retains Funds

☐ Rehab Funds Transferred to:

Rehabilitation Inspection Report

FHA Case Number

I. Inspection of On-Site Repairs and/or Improvements Reveals

1. ☐ Unable to make inspection. (explain below)
2. ☐ Correction essential as explained below:
   a. ☐ Will examine at next inspection.
   b. ☐ Do not conceal until reinspected.
3. ☐ No noncompliance observed.
4. ☐ Acceptable variations as described below.
5. ☐ On-site improvements acceptably completed.

II. Explanation of statements checked above

☐ Draw Inspection ☐ Contingency Reserve Inspection ☐ Final Inspection ☐ Change Order ☐ Other (explain)

Inspection Number

No.		No.	

Certification: I certify that I have carefully inspected this property on this date. I have no personal interest, present or prospective, in the property, applicant, or proceeds of the mortgage. To the best of my knowledge I have reported all noncompliance, work requiring correction, and unacceptable work. I also certify that this Draw Request is for completed work and I have not accepted any work that is not properly installed in a workmanlike manner.

Signature & Date

X

☐ Consultant / Inspector
☐ Fee Inspector
☐ DE Staff Inspector

Inspection Fee | ID Number

ref. Handbook 4240.4 form **HUD-9746-A** (8/95)

Instructions: Prior To Appraisal

1. The Consultant or Plan Reviewer meets with the borrower (and contractor, if there is one) at the site to determine if cost estimates are acceptable. The cost of labor and materials (including overhead and profit, where necessary) must be shown. Borrowers doing their own work must include labor and material, in case they are unable to complete the work due to some unforseen circumstance, and they must later subcontract out the work. Upon completion of the review, and if the cost estimates are acceptable, the Consultant or Plan Reviewer must sign the certification and return all exhibits to the lender.

2. Lender sends exhibits and a copy of the Draw Request form to the appraiser. The appraisal cannot be performed unless the Consultant or Plan Reviewer has signed the certification on the Draw Request form. Appraisers are instructed not to add additional work items to the list of construction items without the Consultant or Plan Reviewer assuring that the cost estimate for additional items are acceptable and included on the Draw Request form.

Instructions: During Construction:

1. If any construction work items were completed prior to closing the loan, an inspection of the work can occur one day after closing.

2. Borrower/contractor completes column 2 "Previous Draw Totals" with percent of completion on any of the construction items. On the first draw inspection, this column will be left blank. On subsequent draws, show the accepted amounts shown in columns 3 and 4 (from the previous draw).

3. Borrower/contractor completes column 3 "Request for This Draw" with the **actual cost of rehabilitation**, which includes materials, labor, overhead and profit. Materials cannot be paid for until they have been acceptably installed. For the investor/builder using the Escrow Commitment Procedure, the cost savings will be added to the escrow amount that is held by the lender for release when an acceptable owner-occupant assumes the loan.

The inspector will complete column 4 for each line item that is necessary to be adjusted. If no adjustments are required, column 4 will remain blank. In no case can the inspector approve a release of funds in excess of the amount requested by the borrower in column 3.

The DE Underwriter or the lender's authorized agent may reduce the amount of funds accepted (or revised) by the inspector by completing (or correcting) the amount shown in column 4. Where a correction has been made by the inspector or the lender, the revised total amount will be shown in line 36, column 4. When the DE Underwriter or the lender's authorized agent is satisfied with the Draw Request, the bottom of the form approving the release of funds will be completed.

After the final draw inspection, cost savings can be adjusted to pay for cost overruns in other construction items or additional improvements to the property that are approved by the Direct Endorsement (DE) Lender. An additional administration cost can be allowed under certain circumstances. Any remaining cost savings must be applied to the mortgage principal and will create greater equity in the property.

Example 1: If column 1 for Drywall is estimated for completion at $1,500, and the work is 50% complete, but a signed contract is for $1,200, then the Request for This Draw in column 3 cannot exceed $600.

Example 2: If column 1 for Drywall is estimated for completion at $1,500, and the work is 50% complete, but a signed contract is for $1,800, then the Request for This Draw in column 3 cannot exceed $750. At the end of rehabilitation, cost overruns can be adjusted for, provided there were savings in other construction items that were approved prior to closing.

4. The borrower and contractor must sign the certification on the Draw Request form. If a dispute exists, the lender must try to mediate the dispute to assure there are no mechanics or materialmens liens placed on the property. The lender may make checks out in both the borrower and contractors name to ensure proper distribution of escrowed funds and to assure no mechanics or materialmens liens. The borrower or contractor may initiate legal proceedings if an equitable agreement cannot be reached.

5. Under no circumstances can any construction item be paid for without the work being acceptably installed (e.g., materials on site cannot be included in the draw request). Upon completion, the inspector signs the Draw Request form, and the Rehabilitation Inspection Report and returns this form to the DE Lender, if applicable. The cost of the inspection should also be completed.

6. The DE who controls the Rehabilitation Escrow Account must provide an accounting of the escrow account to the borrower and HUD, showing the status of all monies in the escrow account. After the acceptable receipt of all necessary documentation, the escrow release (less 10% holdback) should occur within 48 hours. The accounting system must comply with Handbook 4240.4.