



MERRIMACK
MORTGAGE COMPANY, INC.

MMC FHA 203K Streamline

Borrower Summary

As a borrower (hereafter You) entering into a renovation loan (203K Streamline) transaction, the Lender would like to highlight certain renovation program guidelines that are often misunderstood. After reading the guideline summary below, please initial and sign acknowledging both your understanding and acceptance of these terms.

By initialing, I acknowledge that I have read and understand all the statements above and will adhere to the policies stated below.

1. Contractor Selection: You are responsible for the selection of your general contractor. The Lender does not accept liability from any inferior workmanship and/or non-performance by the contractor you select. Contractor may NOT be a relative of the borrower.

_____/_____
Borrower/Coborrower Date

2. Contingency Reserves: The contingency reserve fund can range from 10% - 15% depending on your renovation loan program. The Mortgage Specialist has the authority to change the reserve amount. This contingency reserve fund is to be used in case any unforeseen deficiencies affecting the health, safety and structure of the property are found as the work progresses. Any request to use the contingency reserve must be approved prior to use by the Lender.

_____/_____
Borrower/Coborrower Date

3. Draw Disbursements: All draw disbursements will be processed within 72 hours of receipt of a fully executed draw request form signed by all parties. These disbursements will be made by two-party checks to the borrower and the contractor.

_____/_____
Borrower/Coborrower Date

4. Work Change Orders: Work Change Orders are not allowed. Any work you authorize without the approval of the Lender requires that you pay for that work with your own funds and that the renovation funds may not be used.

_____/_____
Borrower/Coborrower Date

5. Up-Front monies: The 203K Streamline allows two (2) disbursements. The first disbursement of 35% will be released at closing or as soon as permits are obtained (after closing). Final disbursement will be made after work has been completed in a workmanlike fashion. There are no exceptions to this guideline.

_____/_____
Borrower/Coborrower Date