

# PENNSYLVANIA HOUSING FINANCE AGENCY

## Purchase & Improvement / Access Home Modification Program Acknowledgement

I/We acknowledge and agree to the following:

1. I/We received Form 50 Borrower Guidance for PHFA Home Improvement Loans.
2. I am/We are responsible for the selection of the contractor(s) and the work performed by him/her/them. Neither the Lender nor PHFA, its successors and/or assigns, shall be responsible for ensuring the work is completed in a satisfactory manner. Any disputes arising with regard to workmanship shall be settled between the homeowner and the contractor(s).
3. Funds to pay for the improvements will be held in escrow by the lender or PHFA and disbursed in accordance with the program guidelines. Interim disbursements will be released if necessary when I/we provide the escrow holder with a fully completed and signed PHFA Form 49 stating that a specified portion of the improvements/modifications have been completed satisfactorily. Final disbursement will be released when I/we provide the escrow holder with a fully completed and signed PHFA Form 49 stating that the improvements/modifications have been fully completed satisfactorily.
4. I/We are responsible for ensuring that all improvements are satisfactorily completed within 90 days of the loan closing.
5. Unused loan funds remaining after completion will be credited toward reduction of principal balance of the mortgage loan. The face amount of the Note will not change.
6. Failure to complete the improvements in a workmanlike manner within 90 days, misapplication of the loan proceeds, or failure to comply with instructions are additional terms of default and will subject the Borrower to all rights and remedies of the Lender contained in the Mortgage Instrument.
7. I/We shall allow reasonable access to the property so that the Escrow holder or its agents may conduct inspections of the improvements. Upon request, borrower shall provide Escrow Holder with documentation related to the costs of the improvements.

### **Purchase & Improvement Program Only**

- 1) The improvements and contract(s) must be approved by the Lender & PHFA prior to the completion of the appraisal. (Note: The original construction contract should be written as contingent upon approval of all needed mortgage financing for the home).
- 2) Any changes in work, cost or contractors made thereafter must be pre-approved in writing by the lender and/or PHFA. The purchase price of the home being financed plus the cost of the improvements to said home must be equal to or less than the "as improved" appraised value. Improvement costs which exceed the appraised value shall be the sole responsibility of the borrower.
- 3) The amount of loan proceeds being used to finance these improvements cannot exceed \$\_\_\_\_\_.
- 4) The improvements must substantially protect or improve the basic livability, energy efficiency, or safety of the residence. Items which are not considered to substantially protect or improve the basic livability of the residence include: swimming pools, tennis courts, hot tubs/jacuzzis, saunas, or other recreational or entertainment facilities.
- 5) Principal and interest on the Note shall be due and payable on the full mortgage amount which includes the cost of the repairs/improvements.

**Access Home Modification Loan Only**

- 1) The modifications must be those approved by the Lender & PHFA prior to the completion of the appraisal. (Note: The original construction contract should be written as contingent upon approval of all needed mortgage financing for the home).
- 2) Any changes in work, cost or contractors must be approved in writing by the lender and/or PHFA.
- 3) The amount of the loan proceeds being used to finance these modifications cannot exceed \$\_\_\_\_\_.
- 4) The improvements must be specifically completed to meet the individual needs of the person(s) with the disability.
- 5) The proceeds for the modifications are provided in the form of a no-interest subordinate loan that does not require repayment as long as the borrower does not sell the property and continues to occupy the home as a principal residence.

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(Borrower)

(Date)

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(Co-borrower)

(Date)