

FHA 203k Contractor Acceptance Job Aid

Contractor acceptance is required for all 203k transactions, both Standard and Streamlines. All rehab work must be performed by a qualified and experienced contractor chosen by the borrower and completed in a workmanlike manner.

- **Identity of Interest:** Borrowers may **not** use relatives/employers as their contactors; review Identity of Interest disclosure for details on other restrictions. (Form VMP-601)
- **Contractor Resume:** A Contractor Resume should be completed by all Contractors or General Contractors (GC). Resumes and/or certification documents are not required for sub-contractors hired by a GC. Subs fall under the main GC's umbrella, and not subject to lender review or acceptance (Exh 02-410)
- **Contractor Acceptance:** The FHA DE Underwriter must validate the Contractor(s) selected by the borrowers are acceptable to lender. (Exh 03-099)
- **Homeowner/Contractor Agreements:** A Homeowner-Contractor Agreement is required for each contractor (INTEGRITY Form 2420). - **Self-Help:** The borrower may **not** perform work themselves. "Self-Help" loans are **not** permitted.
- **Quantity of Contractors:** Borrower is limited to a total of 3 contractors. When four (4) or more contractors are to be used, a professional General Contractor will be required. On a case-by-case exception basis, we will accept a General Contractor plus additional 1 or 2 'specialty' contractors. See examples below.
- **HUD REO's/Lead Paint/Mold:** A Lead Paint Abatement Contractor or Mold Remediation Contractor, when required (usually required on HUD REO 203k's), is always permitted, *above* the max number of contractors quoted below.

# or TYPE of CONTRACTOR	ALLOWED	HOMEOWNER/ CONTRACTOR AGREEMENT REQUIRED?	# OF ESTIMATES EXPECTED	H/C AGMT & ESTIMATES MUST MATCH	IMPORTANT NOTES
Self Help (no Contractor)	No	N/A	N/A	N/A	Self-Help repairs are not permitted at INTEGRITY
1, 2, or 3 Contractors hired by Borrower	Yes	Yes, one H/C Agreement per Contractor	One from each contractor	Yes	If there is more than one contractor, the sum of all H/C Agreements must equal the entire amount of repairs appearing on Line B1 of the MMWS (HUD-92700)
4 or more contractors hired by Borrower	No	N/A	N/A	N/A	If a Borrower wishes to hire 4 or more contractors, they must engage a <i>General Contractor</i> instead
General Contractor hired by borrower	Yes	Yes, one H/C Agreement with the GC	One from the GC only	Yes	If the GC hires any sub-contractors, it is GC responsibility to incorporate their estimates into his one (1) blanket quote for the entire project The one H/C Agreement must equal the entire amount of repairs appearing on Line B1 of the MMWS (HUD-92700) Lender shall not approve sub-contractors for the GC, or accept sub-contractor estimates. If any add'l contractors are performing work on the property, they should be under the main GC's umbrella, and not subject to lender review or acceptance
One (1) General Contractor and one (1) Specialty Contractor -i.e. Septic, Concrete, etc.	Yes	Yes, one H/C Agreement from GC and one H/C Agmt from Specialty Contractor	One from each	Yes	This situation would be appropriate, for example, if the GC didn't do septic installation – and the borrower hires a GC plus a septic installer The specialty contractor in this instance is not considered a sub-contractor; the GC is not responsible for them. The sum of both H/C Agreements must equal the entire amount of repairs appearing on Line B1 of the MMWS (HUD-92700)
General Contractor and 'some' Self-Help	No	N/A	N/A	N/A	Self-help work is not permitted even if done in addition to contractor work. <i>Only a contractor may perform work on a 203k at INTEGRITY</i>
Lead Paint Remediation Contractor or Mold Remediation Contractor	Yes	Yes, one H/C Agreement per Contractor	One from each	Yes	A Lead or Mold Contractor is always permitted above the max number of contractors quoted on this chart; Lead Contractors must have a Federal ID number Mold Contractors must be state certified FHA DE UW's are reminded that in many HUD REO cases, HUD (seller) will pay for the lead paint remediation and therefore, this must be handled on the 203k MMWS (HUD-92700) carefully so as not to finance the repair money