



**CDBG-DR PROGRAM
HOMEBUYER ASSISTANCE PROGRAM
PUERTO RICO HOUSING FINANCE AUTHORITY
FHA 203(B) WITH REPAIR ESCROW LOAN ACKNOWLEDGMENT FORM**

I, [Applicant's First and Last Name], with case number [Application ID], acknowledge and certify that I am receiving assistance from the Community Development Block Grant for Disaster Recovery (**CDBG-DR**) funds to purchase my primary residence under the Homebuyer Assistance Program (**HBA Program**).

I understand the property I am purchasing is a U.S. Department of Housing and Urban Development Real Estate Owned (**HUD REO**). A HUD REO property is a residential property acquired by HUD due to a foreclosure action on a Federal Housing Administration (**FHA**) insured mortgage. HUD becomes the property owner and offers it for sale to recover the loss on the foreclosure claim.

I understand that HUD does not warrant the HUD REO property's condition or value. Also, the HUD's plan review (where performed) and the property's appraisal are performed to determine compliance with the required architectural plans and to estimate the property's value. However, neither (plan or appraisal) guarantees the property is free of defects. Therefore, I agree and accept that I am responsible for having an independent consultant and/or independent home inspection services.

I understand the HUD REO property must be appraised and deemed "insurable with repairs," and the repair escrow funds must not exceed \$10,000. I also acknowledge that with an FHA-insured 203(b) Loan with a Repair Escrow, I may establish an escrow account for repairs that cannot be completed in a HUD REO property prior to a loan closing, provided the property is habitable and safe for occupancy at the time of loan closing.

I understand at the time of the FHA-insured 203(b) Loan with Repair Escrow closing, the proceeds designated for the repairs are to be placed in an interest escrow account. The Repair Escrow Account is not, nor will it be, treated as an escrow for paying real estate taxes, insurance premiums, delinquent notes, ground rents, or assessments. If there are unused contingency funds or other monies in the Repair Escrow Account after the Final Release is processed, the participating institution, in compliance with HUD regulations, shall apply them to prepay the mortgage loan principal amount.

NOW, THEREFORE:

I consent and request that the participating institution after the repairs to the property are completed and a Final Release Note is issued, apply any balance and interest income directly to the mortgage principal balance for an equal amount of principal reduction.

I certify the information herein contained is true and accurate. By signing below, I affirm and agree that I have read and understood this document, and all information herein has been satisfactorily explained to me. I also attest I am signing this Acknowledgment Form willingly and voluntarily.

Applicant's Name

Witness' Name

Applicant's Signature

Witness' Signature

Date

Date

I, [Participating Institution Representative Name], as an authorized representative of [Participating Institution], certify the information herein contained related to the HUD REO property and FHA 203(b) Loan with Repair Escrow was delivered and provided to the Applicant before the loan closing.

Participating Institution Representative Name

Participating Institution Signature

Date