

## HISTORIC AND DESIGN REVIEW COMMISSION

January 06, 2017

Agenda Item No: 2

**HDRC CASE NO:** 2015-380  
**ADDRESS:** 225 W MISTLETOE  
**LEGAL DESCRIPTION:** NCB 1835 BLK 10 LOT 16  
**ZONING:** R4 H  
**CITY COUNCIL DIST.:** 1  
**DISTRICT:** Monte Vista Historic District  
**APPLICANT:** Michael Lilley  
**OWNER:** Julianne Hawkins, Michael Lilley  
**TYPE OF WORK:** Historic Tax Verification  
**REQUEST:**

The applicant is requesting Historic Tax Verification for the property at 225 W Mistletoe.

### APPLICABLE CITATIONS:

*UDC Section 35-618. Tax Exemption Qualifications:*

- (a) Assessed Valuation. In accordance with the provisions of this article, a building, site, or structure which meets the definition of a historically significant site in need of tax relief to encourage preservation and which is substantially rehabilitated and/or restored as certified by the historic and design review commission and approved by the city tax assessor-collector, shall have an assessed value for ad valorem taxation as follows regardless of ownership during the granted time period:
- (1) A residential property shall have the assessed value for ad valorem taxation for a period of ten (10) tax years equal to the assessed value prior to preservation.
- (b) Applicability. This exemption shall begin on the first day of the first tax year after verification of completion of the preservation required for certification; provided the building shall comply with the applicable zoning regulations for its use and location.
- (c) Application. Application for a historic structure preservation tax exemption pursuant to this division is to be filed with the office of historic preservation. The historic preservation officer shall be the agent of the city for the purposes of administering this division provided that the historic preservation officer request a recommendation from the historic and design review commission. Each application shall be signed and sworn to by the owner of the property and shall:
- (1) State the legal description of the property proposed for certification;
  - (2) Include an affidavit by the owner describing the historic significance of the structure in need of tax relief;
  - (3) Include a final complete set of plans for the historic structure's restoration or rehabilitation;
  - (4) Include a statement of costs for the restoration or rehabilitation work;
  - (5) Include a projection of the estimated construction, time and predicted completion date of the historic restoration or rehabilitation;
  - (6) Authorize the members of the historic and design review commission, the city tax assessor-collector and city officials to visit and inspect the property proposed for certification and the records and books of the owners as necessary to certify that the property in question is in substantial need of restoration or rehabilitation;
  - (7) Include a detailed statement of the proposed use for the property; and
  - (8) Provide any additional information to the historic and design review commission which the owner deems relevant or useful such as the history of the structure or access to the structure by the public.
- Each application shall contain sufficient documentation confirming or supporting the information submitted therein.
- (e) Verification of Completion. Upon completion of the restoration and rehabilitation, together with a fee as specified in Appendix "C" of this chapter, the owner, who may not be the same as at the time of application, shall submit a sworn statement of completion acknowledging that the historically significant site in need of tax relief to encourage preservation has been substantially rehabilitated or restored as certified by the historic and design review commission. The historic and design review commission, upon receipt of the sworn statement of completion, but no

later than thirty (30) days thereafter, shall make an investigation of the property and shall recommend either approval or disapproval of the fact that the property has been substantially completed as required for certification. If the historic and design review commission recommends that it has not been substantially completed as so required, then the certified applicant may be required by the historic preservation officer to complete the restoration or rehabilitation in order to secure the tax exemption provided herein. If the verification of completion is favorable, the historic and design review commission shall recommend approval and the historic preservation office may notify the tax assessor-collector in writing of compliance. Thereafter, the tax assessor-collector shall provide the property with the historic tax exemption.

(f) Historic Preservation Tax Exemptions.

(1) Historic Preservation Tax Exemption for Residences in Need of Substantial Repair. In accordance with the provisions of this chapter, a historically significant residential building, which meets both the definitions of a historically significant site in need of tax relief to encourage preservation and of a residential property in Appendix "A" of this chapter, and is either individually designated or is located within the boundaries of a locally designated historic district which is substantially rehabilitated and is approved by the chief appraiser of the Bexar County Appraisal District, shall have an assessed value for ad valorem taxation as follows:

- A. A residential property shall have no assessed value for ad valorem taxation for a period of five (5) tax years after verification, as defined in Appendix "A" to this chapter. Thereafter, the exempt property shall be reappraised at current market value and assessed at a fifty (50) percent rate for an additional consecutive five-year period.
- B. This exemption shall begin on the first day of the first tax year after verification of completion of the substantial rehabilitation by the historic and design review commission, provided compliance with subsection (b) of this section.

(g) Eligibility.

(1) The tax exemption options outlined in subsection (f), above, will remain in effect unless terminated by designation status being removed pursuant to subsection 35-606(g) of this article.

**FINDINGS:**

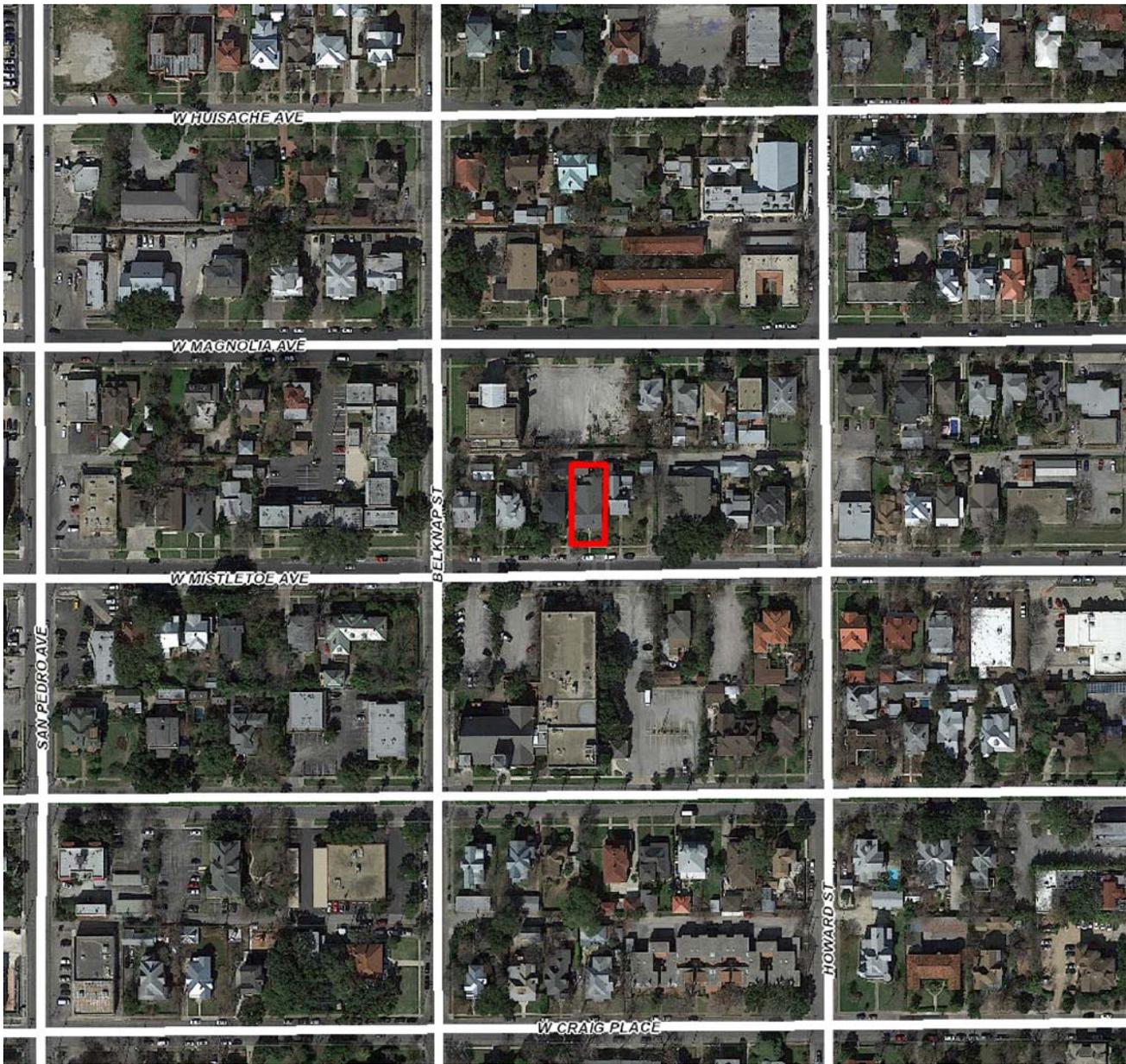
- a. The applicant is requesting Tax Verification for the property located at 225 W Mistletoe.
- b. The applicant received Tax Certification on October 7, 2015, from the HDRC.
- c. The scope of work consists of various items including repairs to the masonry, siding, flooring, HVAC, plumbing, electrical, and work to the drywall and trim.
- d. The requirements for Tax Verification outlined in UDC Section 35-618 have been met and the applicant has provided evidence to that effect to the Historic Preservation Officer including photographs and an itemized list of costs.
- e. Staff visited the site January 3, 2017.
- f. The approval of tax verification by the HDRC in 2017 means that the property owner will be eligible for the Substantial Rehabilitation Tax incentive beginning in 2018.

**RECOMMENDATION:**

Staff recommends approval as submitted based on findings a through f.

**CASE MANAGER:**

Lauren Sage



## Flex Viewer

Powered by ArcGIS Server

Printed: Dec 23, 2016

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CITY OF SAN ANTONIO  
OFFICE OF HISTORIC & HERITAGE  
REVIEW & CONSERVATION  
ADDRESS: [REDACTED]  
REQUEST: [REDACTED]  
HEARING DATE: [REDACTED]  
TRANEL BROWN  
FOR MORE INFORMATION CONTACT  
[REDACTED]  
ALL PUBLIC MEETINGS TAKE PLACE AT THE A. J. CLAY



225

**CITY of SAN ANTONIO**  
**NOTICE of HEARING**  
**HISTORIC & DESIGN**  
**REVIEW COMMISSION**

ADDRESS: 225 W MUSTLEBDE  
REQUEST: HISTORIC TAX VERIFICATION  
HEARING DATE: JAN 6 2017  
TIME: 3:00 P.M.

FOR MORE INFORMATION CONTACT  
(210) 215-9274

ALL HDRC MEETINGS TAKE PLACE AT 1901 S. ALAMO

















BEWARE OF THE DOG







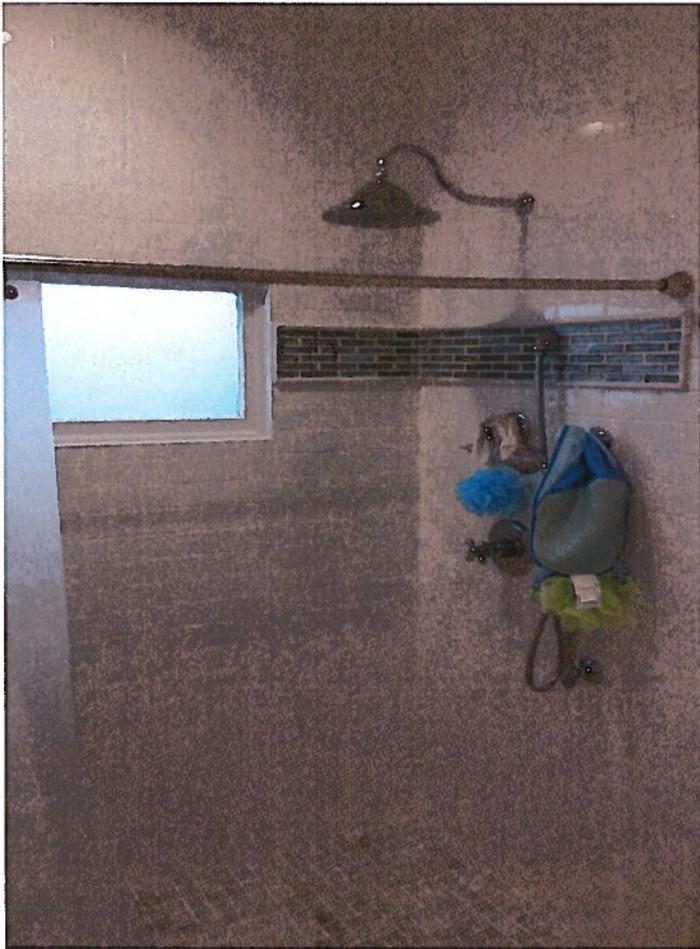














## Plan Reviews/Permits/Inspections For An Address

Permits for address 225 W MISTLETOE AVE

House Number: 225

Street: W MISTLETOE AVE  
or SUITE:201

Bldg/Suite:

Example: 2 or BLDG:2

Permit Number:	Address:	Contractor/Contacts:	Completion Date:	Status:	Type:	Inspections:	Reviews:
<a href="#">2103481</a>	225 W MISTLETOE	PARADISE HOMES STEPHEN A SALINAS	05/19/2016	CLOSED	MISC NO REVIEW	<a href="#">Inspections</a>	<a href="#">Reviews</a>
<a href="#">2107273</a>	225 W MISTLETOE	ABDALA ADDRUVAL PLUMBING SAMCHEZ PLMB & CONSTRUCTION ABDALA A PINEDA	04/14/2016	CLOSED	GASPERMIT	<a href="#">Inspections</a>	<a href="#">Reviews</a>
<a href="#">2107278</a>	225 W MISTLETOE	SAMCHEZ PLMB & CONSTRUCTION ABDALA A PINEDA	05/19/2016	CLOSED	GENERALPLUMB	<a href="#">Inspections</a>	<a href="#">Reviews</a>
<a href="#">2107281</a>	225 W MISTLETOE	ABDALA ADDRUVAL PLUMBING SAMCHEZ PLMB & CONSTRUCTION ABDALA A PINEDA	11/23/2015	CLOSED	SEWER	<a href="#">Inspections</a>	<a href="#">Reviews</a>
<a href="#">2117706</a>	225 W MISTLETOE	SO.TX ELECTRICAL CONTR.,INC. GILBERT H GUERRA	12/08/2016	CLOSED	GENERL	<a href="#">Inspections</a>	<a href="#">Reviews</a>

1

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cost of repairs - rehabilitation loan

**William O'Connor**

Home Inspections Renovation Consulting Services

Phone: 210-771-6509

Fax: 210-490-8129

All repairs must be performed in conformance with local zoning ordinances and codes.

**Specification of Repairs**

8/14/2015

File Number	HUD Case Number
225201508ML	514-
<b>Recap of Subtotals</b>	
1. Masonry	\$2,200.00
2. Siding	\$800.00
3. Gutters and Downspouts	
4. Roof	\$10,000.00
5. Shutters	
6. Exterior	
7. Walks	
8. Driveways	
9. Painting - Exterior	\$5,700.00
10. Caulking	
11. Fencing	
12. Grading & Landscaping	
13. Windows	
14. Weatherstripping	
15. Doors - Exterior	
16. Doors - Interior	
17. Partition Wall	\$7,200.00
18. Plaster/Drywall	\$5,200.00
19. Decorating	\$5,000.00
20. Wood Trim	\$5,900.00
21. Stairs	
22. Closets	
23. Wood Floors	
24. Finished Floors	\$10,600.00
25. Ceramic Tile	
26. Bath Accessories	
27. Plumbing	\$18,000.00
28. Electrical	\$12,000.00
29. Heating/Air Conditioning	\$1,000.00
30. Insulation	
31. Cabinetry	\$15,410.00
32. Appliances	
33. Basements	
34. Cleanup	\$1,735.00
35. Miscellaneous	\$28,601.00
<b>TOTAL COST OF REPAIRS</b>	<b>\$127,348.00</b>
36. Allowance Fee (List)	\$127,348.00
15% Contingency Reserve	\$18,101.00
5 Inspections @ \$200.00 each	1000
Termite	
Feasibility Study Inspection	1000
Independent Consultant	
Total Cost of Allowable Fees	\$21,101.00
<b>Total of Items 1 - 35</b>	<b>\$148,447.00</b>

X \_\_\_\_\_  
 Consultant William O'Connor Date:  
 Applicant(s) and Contractor (if any) to sign and date upon final acceptance.

X  8/20/15  
 Michael Lilley

X \_\_\_\_\_

X   
 Paradise Homes

# Job Cost Final 225 w. Mistletoe

①	Tile Labor	3,600
②	Plumbing Trim 2,000 + 560 waterline	2,550
③	Electric Trim 5,000 + (AC electric 3,000 & line to back apt 250)	6,250
④	A/C - Don W. 2,000 + 1,000 more condensor applied to new condensers	3,000
⑤	Flooring refinish wood Don R.	5,000
⑥	Frank - Painting 5,000 + 3,000 apt, ext. Int.	6,000
⑦	Plumbing Fixtures & Towel bars (Morrison)	2,733
⑧	Mike Avery - skirt + Flashing	550
⑨	House clean - Norma	450
⑩	Back door - Tri Supply	450
⑪	Porta potty	218
⑫	Glass for exercise room, & Mud Room Door	121
⑬	S/R repairs - Mike Lopez	100
⑭	Dumpster 3/30/16 + 325 + overweight 34	359
⑮	Mat'l's - see list	2,042
	subttl	<hr/> 33,423
⑯	Builder 18%	6,016
⑰	Rebuild front porch	6,154
⑱	Steve's extras (Labor only)	<hr/> 1,370
		46,963

# Mat'l's

① Tri Supply Threshold	25	25
② A&A Pull ring 19, column base 35, bkdr trim 114,		168
③ <del>Home Depot corner shelves tile 60, A/C return 13, 80, 11, 59, 21, -21 cr.</del> <del>Home Depot</del> 226 <sup>21</sup> , -150 <sup>47</sup> , 59, 21, 63, 80, 11 <sup>39</sup> , 12 <sup>25</sup> , -21 <sup>21</sup> , 60 LOWES 16, 106, 38, 51, 9, -28, 478 <sup>26</sup>		362
④ Amazon		<del>182<sup>18</sup></del>
⑤ Arizona Tile		- 200 <sup>13</sup>
⑥ Way Fair		292 <sup>26</sup>
⑦ Signature Hardware		1,394 <sup>45</sup>
⑧ Amazon		<del>182<sup>18</sup></del>
		<hr/> 1,487
		<hr/> 2,042

Steve Labor extra

①	Install back door	480
②	Install vent hood	120
③	Rebuild column bases	180
④	door repairs & boring	200
⑤	reglaze w/ safety glass by office door	60
⑥	handrails - Front steps	240
⑦	Frame & S/R Return air	<u>90</u>
		1,370

225 W. Mistletoe

Draws

1 <sup>st</sup>	11/9/15	23,310
2 <sup>nd</sup>	12/24/15	21,510
3 <sup>rd</sup>	2/2/16	33,665
4 <sup>th</sup>	3/15/16	21,515
5 <sup>th</sup>	4/14/16	22,680
6 <sup>th</sup>	5/5/16	<u>23,767</u>
	ttl	146,447

Job actual cost

11/24/15		27,234
3/6/16		48,946
1/6/16		30,833
5/19/16	Final	<u>46,963</u>
	ttl	153,976

From: Stephen Salinas / Paradise Homes  
 Estimated Construction cost for  
 225 W. Mistletoe

①	Install Exterior Skirting	2,200
②	Replace defective wood siding	800
③	Gutters	
④	Roofing: Remove existing mat'l, dispose, install new 25yr 3-tab composition shingles. mat'l 5,300 Labor 4,700	10,000
⑤	Shutters	
⑥	Exterior	
⑦	walks	
⑧	Driveways	
⑨	Pointing exterior - pressure wash scrape/sand remove scale, apply 2 coats exterior paint mat'l 1,700 Labor 4,000	5,700
⑩	Caulking	
⑪	Fencing	
⑫	Grading & Landscaping	
⑬	Windows	
⑭	Weatherstripping	
⑮	Exterior doors	
⑯	Interior doors	
⑰	Frame walls & ceilings per plan 72' x 100 mat'l 1,200 Labor 6,000	7,200
⑱	Drywall: New walls, repair as necessary existing, tape, float, texture 259 sq ft x 20 <sup>02</sup>	5,200

225 W. Mistletoe

- (19) Decorating: paint interior surfaces,  
walls, ceilings, wood trim  
mat'l 1,500 Labor 3,500 5,000
- (20) Wood trim: install new trim per plan  
repair/alter existing trim as needed  
mat'l 1,500 Labor 4,400 5,900
- (21) Stairs
- (22) Closets
- (23) Wood Floors
- (24) Finished Floors:  
install tile flooring - owner select  
tile mat'l 2,500 labor 3,600  
Refinish existing wood Floors 4,500 10,600  
(25) Ceramic tile in item 24
- (26) Bath accessories
- (27) Plumbing: Replumb per plan, replace  
Fixtures, include permit  
mat'l 4,000 Labor 12,000 16,000
- (28) Electrical: install new wiring per  
code. 1<sup>st</sup> Floor as needed 2<sup>nd</sup> Floor  
include permit mat'l 4,000 Labor 8,000  
owner provides fixtures 12,000
- (29) Heating / AC: clean & service  
existing HVAC systems  
mat'l 400 Labor 600 1,000

225 W. Mistletoe

③①	Insulation	
③①	Cabinetry: cabinet mat'l & install 49' x 190 = 9,310 countertop allowance for kitchen & baths - 6,000	15,310
③②	Appliances	
③③	Basement	
③④	Clean-up: Dumpster to remove construction debris, 1,100. chemical toilet delivered due to plumbing being reworked 635	1,735
③⑤	Demo walls, floors in kitchen & baths. Miscellaneous	<u>28,601</u>
	Total Cost of Repairs	127,346

# Draw Request Section 203(k)

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

OMB Approval No. 2502-0527 (exp. 04/30/2011)

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 Michael Lilley 225 W. Mistletoe Ave. San Antonio, TX 78212	Lender's Name & Address Directions Equity 18730 Stone Oak Parkway, Ste. 208 San Antonio, TX 78258	FHA Case Number	
		This Draw Number Draw Final	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 <i>William O'Connor</i> 4-25-16 William O'Connor - D 0543	Suggested Contingency Reserve Amount \$ 19,101.00 15%
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Construction Item	Total Escrow Col. 1	Total Cost of Rehabilitation		Request for This Draw		Inspector/Lender Adjusted Amounts		
		Previous Draw Totals Col. 2	%	Col. 3	%	Col. 4	%	
1. Masonry	2,200.00			2,200.00				1.
2. Siding	800.00	800.00						2.
3. Gutters/Downspouts								3.
4. Roof	10,000.00	10,000.00						4.
5. Shutters								5.
6. Exteriors								6.
7. Walks								7.
8. Driveways								8.
9. Painting (Ext.)	5,700.00	5,700.00						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	7,200.00	7,200.00						17.
18. Plaster/Drywall	5,200.00	5,200.00						18.
19. Decorating	5,000.00	5,000.00						19.
20. Wood Trim	5,900.00	5,900.00						20.
21. Stairs								21.
22. Closets								22.
23. Wood Floors								23.
24. Finished Floors	10,600.00	5,300.00		5,300.00				24.
25. Ceramic Tile								25.
26. Bath Accesories								26.
27. Plumbing	16,000.00	8,000.00						27.
28. Electrical	12,000.00	6,000.00						28.
29. Heating	1,000.00	1,000.00						29.
30. Insulation								30.
31. Cabinetry	15,410.00	15,410.00						31.
32. Appliances								32.
33. Basements								33.
34. Cleanup	1,735.00			1,735.00				34.
35. Miscellaneous	28,501.00	28,501.00						35.
36. Totals	127,346.00	118,110.00		9,235.00				36.

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 Michael Lilley Date 4/25/16

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 Paradise Homes Stephany Solomas Date 4/25/16

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 William Dorn I.D. Number D 0543 Date 4-25-16

Approved for Release	This Draw	Totals to Date	The Lender is hereby authorized to release the following funds from the escrow account	
Total from Above	\$ 9,235.00	\$ 118,110.00	Payable to the Borrower \$ 8,312.00	Payable to the Fee Inspector \$ 200.00
Less 10% Holdback	\$ 923.00	\$ 11,811.00	Payable to	\$
Net Amount Due Borrower	\$ 8,312.00	\$ 106,299.00	Signature & Date	
			<input type="checkbox"/> Lender-Authorized Agent <input checked="" type="checkbox"/> 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  
514-

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

- |  |  |
|--|--|
| 1. <input type="checkbox"/> Unable to make inspection. (explain below) | 3. <input checked="" type="checkbox"/> No noncompliance observed.      |
| 2. <input type="checkbox"/> Correction essential as explained below:   | 4. <input type="checkbox"/> Acceptable variations as described below.  |
| a. <input type="checkbox"/> Will examine at next inspection.           | 5. <input type="checkbox"/> On-site improvements acceptably completed. |
| b. <input type="checkbox"/> Do not conceal until reinspected.          |  |

**II. Explanation** of statements checked above Inspection Number

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

**Draw Final**

No.	No.
	SIXTH HUD 203(K) Draw Inspection For:
	Michael Lilley
	225 W. Mistletoe Ave.
	San Antonio, TX 78212
	Sixth draw inspection reveals that the rehab is completed to 100%
	Draw form HUD-9746-A, Signed and dated by this Consultant is
	approved for a draw at this time in the amount of \$ 9,235.00

**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 William Dorn 4-25-16  Consultant / Inspector  Fee Inspector  DE Staff Inspector

Inspection Fee \$ 200.00 ID Number D 0543

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**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 unforeseen 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.

**CONTRACTOR'S DRAW REQUEST TO OWNER AND LENDER**

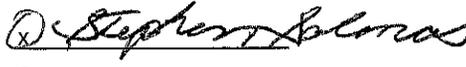
OWNERS / BORROWERS: MICHAEL LILLEY  
CONTRACTOR: PARADISE HOMES  
PROPERTY: 225 W. MISTLETOE  
SAN ANTONIO, TX 78212  
LENDER DIRECTIONS EQUITY  
FHA Case #

Contractor hereby request the below itemized funds from Lender for Contractor to pay for listed items all of wich are part of the construction project all the above referenced Property. All are in accordance with the previously submitted Lender and Owner approved budget.

PAYEE NAME	DISCRIPTION	AMOUNT
GENERAL CONTRACTOR	# 1 MASONRY	\$2,200.00
GENERAL CONTRACTOR	# 24 FINISHED FLOORS	\$5,300.00
GENERAL CONTRACTOR	# 34 CLEAN UP	\$1,735.00
Contractor represents that the above reference bills and expenses:		<b><u>\$9,235.00</u></b>

Will be paid \$ \_\_\_\_\_  
Have been paid for \$ \_\_\_\_\_

  
Borrower

  
Contractor

**LENDER'S DISBURSEMENT STATEMENT**  
(For Lender's Use Only)

Notice to owner for Lender:

Statement of funds Delivered by Lender

Since last statement \$ \_\_\_\_\_  
This Request \$ \_\_\_\_\_  
Total after request is funded \$ \_\_\_\_\_

Attached is a copy of the Contractor's Draw request. However, you are advised that the Lender is not responsible for accuracy of completeness of the information contained I the Contractor' Draw Request.

**LENDER:**  
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: 203(k) Coorodinator

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## LIEN WAIVER AND RELEASE

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The undersigned affiant being first duly sworn, deposes and says!

Affiant is a contractor, subcontractor, material man or an officer, agent, or representative of same, who or which has furnished services, labor, or materials ("Contractor") in the construction, repair, and/or replacement (the "Work") of improvements upon real property owned by:

Borrower MICHAEL LILLEY  
Property Address: 225 W. MISTLETOE AVE. SAN ANTONIO, TX 78212  
Lien Release Amount: \$ 9,235.00

A ten percent (10%) holdback will be retained from the lien release amount until issuance of the Final Release Notice of all construction categories, and the final title policy,

total of all charges for, and in connection with, all such services, labor and/or materials performed or furnished by Contractor will IN paid in full to Contractor upon receipt of completed lien waiver and any other required documentation, Affiant, as Contractor or as an officer, agent, or representative of Contractor, hereby acknowledges complete satisfaction of and forever waives and releases all claims of every kind against Borrower or the property referred to above of any other property of Borrower, including, but not limited to all liens and claims of liens, that Contractor may have as a result of or in connection with the performance or furnishing of such services, labor and/or materials upon receipt of payment.

Affiant, as Contractor or as an officer, agent, or representative of Contractor, further represent and warranted that (a) Contractor has not assigned and will not assign any claim for payment or any right to perfect a lien against said property, (b) all persons or entities who have furnished services, labor, or materials to Contractor in connection with the Work have been paid all amounts to which they have or may become entitled therefore, and (c) Contractor's portion of the Work is fully completed in accordance with the final plans and specifications therefore.

Affiant, as Contractor or as an officer, agent, or representative of Contractor, hereby agrees unconditionally to indemnify Borrower and hold Borrower harmless from and against all liability, loss, cost, or expense (including, but not limited to attorney's fees) now or hereafter incurred, paid, or suffered by or asserted against Borrower or any of Borrower's property because of any claim or action by Contractor with respect to the claims, liens, and rights herein waived and released or arising out of any breach or untruth of any warranty or representation herein made.

Affiant represents that Affiant is duly authorized to execute this document on behalf of Contractor,

All of the provisions of this document shall bind Affiant, Contractor, and their heirs, legal representatives, successors and assigns, and shall inure to the benefit of Borrower and Borrower's heirs, legal representatives, successors, assigns and sureties.

Date: 4/25/16

Company Name: PARADISE HOMES Contractors signature: Stephen Solares

Work? Contractor signature is required unless the Borrower(s) is/are acting as his/her/their own contractor.

# Request for Acceptance of Changes in Approved Drawings and Specifications

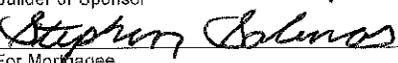
U.S. Department of Housing and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0117 (exp. 03/31/2016)

**See Instructions and Conditions on Page 2.**

**Public reporting burden** for this collection of information is estimated to average 30 minutes 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 information is required to obtain benefits and mandatory. HUD may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Section 203(b)(7) of the National Housing Act authorizes the Secretary of the Department of Housing and Urban Development to use his/her discretion with respect to the handling of insurance, repairs, and alternations. Builders who request changes to HUD's accepted drawings and specifications for proposed constructions properties as required by homebuyers, or determined by the builder use the information collection. The lender reviews the changes and amends the approved exhibits. These charges may affect the value shown on the HUD commitment. While no assurances of confidentiality are pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

Property Address <b>225 W. MISTLETOE San Antonio, TX 78212</b>		Case(s) No. 514-	Request No. 03
Mortgagee's Name & Address <b>DIRECTIONS WQUITY 18730 STONE OAK PARKWAY, STE. 208 SAN ANTONIO, TX 78258</b>		We request acceptance of the following changes in the approved drawings and specifications of the above numbered case or cases. <b>We Request</b> <input checked="" type="checkbox"/> <b>We Do Not Request</b> <input type="checkbox"/> an increase in the value and loan amounts if these changes warrant such an increase.	
Description:  REQUEST USE OF CONTINGENCY RESERVE FOR FOLLOWING CHANGES: THE FOLLOWING CHANGEWS WERE NECESSARY AS TO PROCEED WITH THE REHAB.  1. REPLACED ROTTED FLOOR JOIST ADJACENT TO FRONT PORCH AND PORCH DECKING AT A COST OF .....		Builder's Estimate of cost on each change           901.00	HUD/VA Estimate of effect on cost of each change
LENDER, PLEASE PROVIDE US AND CONSULTANT, WITH AN APPROVED COPY OF THIS CHSNGE ORDER. WE WILL PROCEED WITH THE REHAB AS STATED. A HUD INSPECTION WILL ACCOMPANY THE CHANGE ORDER UPON COMPLETION OF REPAIRS.  TOTAL AMOUNT OF CHANGES ABOVE ..... TOTAL AMOUNT REQUESTED FROM ALLOWABLE FEE ...		901.00	
Borrower (If known)  <b>MICHAEL LILLEY</b>		Date 4/25/16	
Builder or Sponsor  <b>PARADISE HOMES</b>		Date 4/25/16	
For Mortgagee		Date	

Determination as to Acceptability  
 Changes Acceptable,  Changes Unacceptable,  Changes Acceptable, provided (list any conditions)

INSPECTOR: William O'Connor DATE: 4-25-16  
 WILLIAM O'CONNOR

**Endorsement to Notice of Value** (for VA use only)

This endorsement takes precedence over and specifically amends the outstanding NOV for the property with the above identifying number. Any condition stated on the outstanding NOV, not specifically referred to and modified herein, remains in full force and effect until expiration of the validity period. Established reasonable value revised to \$

<input type="checkbox"/> Department of Veterans Affairs	Authorized Agent	I.D. Number	Date
<input type="checkbox"/> Federal Housing Commissioner	DE <input type="checkbox"/>		

**MORTGAGOR'S LETTER OF COMPLETION**

To: DIRECTIONS EQUITY

Loan Number:

Property Address: 225 W. MISTLETOE AVE  
SAN ANTONIO, TX 78212 -0000

The rehabilitation construction and/or improvements, as outlined in the Rehabilitation Loan Agreement (including Architectural Exhibits), have been completed in a workmanlike manner to my/our satisfaction to the above-mentioned property.

I/We request that the Final Inspection by the HUD approved inspector and the Final Release of funds from the Rehabilitation Escrow Account be made to me/us after you receive an acceptable Final Compliance Inspection Report.

I/We understand that you, the lender, if required to protect the priority of the Security Instrument, may retain any "Holdback" reserve funds for a period of not more than thirty-five (35) days or a longer period allowable by state laws to ensure against the any liens resulting from the Rehabilitation work done at the subject property. However, at the earliest possible date, I/we request any such funds be released as appropriate.

This request also directs you to properly distribute the funds remaining in the Rehabilitation Escrow Account that represent the balance of the Contingency Reserve, Mortgage Payment Reserve, inspection fees, and other miscellaneous fees that were not used.



Borrower's Signature

4/25/16

Date

HUD Case Number: \_\_\_\_\_