

Holdback Repairs Procedures:

- Client requests funds from their Holdback Account or Customer Relations staff contacts homeowner to fulfill the obligations of the holdback agreement. At the time of contact, Customer Relations Staff reviews the holdback agreement for scope and informs client that it can take a week to get the check once all the paperwork is submitted.
- Customer Relations Staff obtains balance in the client's holdback Account.
- Customer Relations staff provides clients with the *Capital Reserve Request Form for Home Repairs*. This is to be signed by the homeowner and completed by the Customer Service Staff where possible.
- Sun Staff reviews request and makes a determination if adequate funds are available.
- SUN staff also reminds the homeowner the following about contractor selection:
 - Such contractor must be a home improvement or general contractor who is properly licensed and insured.
 - Borrower may freely select any contractor of Borrower's choice, so long as the contractor is properly licensed and insured. If Borrower does not know any contractors, Aura will provide Borrower with a list of other licensed and insured contractors that Aura has worked with in the past. By providing such list, however, Aura makes no representation or warranty regarding the skill, quality or capabilities of any contractor on such list. Borrower expressly agrees that neither Aura nor its affiliates, nor their respective directors, officers, agents or employees, shall have any liability whatsoever for any acts or omissions of any contractor selected by Borrower.
- SUN staff also requests additional information as listed below:
 - Copy of the Contractor's license
 - Proof of insurance
 - Copy of the Contractor Agreement outlining the work to be completed and the payments to be made. The Construction Contract must include:
 - a. Details of the specific repairs and improvements including the scope, the quality of the materials, and the cost of performing the work and obtaining and installing the materials necessary to complete the Repairs.
 - b. The Scope of Work may only include those repairs outlined in the holdback agreement. The costs must be in the scope of the holdback agreement.
 - c. The contract must require the work to be performed after the contract is signed, and weather permitting, all of the Repairs are to be substantially completed within three months after the contract is signed, and to be fully and finally completed within six months after the contract is signed.

- d. The contract must also specify the number of installments, the amount of each installment, and if not obvious the conditions that the Contractor must satisfy before each installment will be paid, and the final conditions that must be satisfied before final payment will be made.
 - e. Permits: The contract should list the specific local building permits that must be obtained for the Repairs. No installments of the Construction Cost will be disbursed by Aura until Aura's Inspector has received copies of the Required Permits. The final installment of the Construction Cost will not be disbursed by Aura until Aura's Inspector has received evidence that the Permits have been signed off on and approved by the appropriate municipal electrical, plumbing, mechanical and/or building inspectors.
 - f. The contract must include *Aura Construction Contract Rider* and signed by contractor and homeowner.
- The Customer Service Staff should remind the homeowner that no installment of the Construction Cost will be disbursed by Aura until Aura's Inspector have approved the Repairs completed as of the date of the installment; and that Aura will pay installments of Construction Cost by check payable jointly to Borrower and Contractor.
- Inspections: All holdback agreements require signoff by an Aura Inspector.
 - The Customer Relations Staff shall provide the following to Aura's inspector:
 - a. *Holdback Inspection Request Form*: To be completed by Customer Relations Staff. This should detail any concerns and special instructions and should include the date needed by.
 - b. *Capital Reserve Request Form for Home Repairs*: If unsigned, the Aura Inspector will obtain the signature from the homeowner.
 - c. *Holdback Inspection Form*: To be completed by the Aura Inspector.
 - d. Copy of the Contract Agreement
 - e. Copy of the Holdback Agreement: Scope of Work and Cost Section only
 - f. Copy of the Contractor's License and Proof of Insurance
 - The Customer Relations Staff should follow-up with the inspector to determine the date of the inspection and to secure the completed paperwork once the inspection is completed.
- The Customer Relations Staff should review the Inspection Report once received from the inspector and verify that:
 - Inspector has recommended payment.

- For the initial payment, the Inspector will, among other things, determine that the scope of work and the costs in the Construction Agreement is consistent with the Holdback Agreement and upon inspection that the work is being performed as per the contract. The inspector will also ensure that proper permits are pulled for the scope of the work and that the permit is consistent with the Construction Agreement confirming scope and address.
 - For interim payments, the Inspector will inspect all work performed up through and including the date of the written Holdback Request Form and indicate that all such work complies with local codes and is consistent with the Scope of Work set forth in the Construction Contract. The Inspector will also make a judgment as to the appropriateness of the requested amount compared with the amount of work completed (e.g. second of three payments requested with 50% of the work completed).
 - For final payments: The inspector will inspect all work for completeness and that all such work complies with local codes and is consistent with the Scope of Work set forth in the Construction Contract. The Inspector will also require written confirmation from Borrower indicating that Borrower is satisfied with all work performed and approves payment of the final installment (verified by borrower's signature on the Holdback and Capital Reserve Request Form). The Inspector will also require Receipt from the Contractor of a signed "Unconditional Waiver and Release Upon Final Payment". Finally the inspector will require verification that all permits have been signed off on and approved by the appropriate municipal electrical, plumbing, mechanical and/or building inspectors and that all work has been completed in accordance with local and state building codes and the Required Permits.
- Inspection form is completed properly.
 - Any required permits are included in the package.
 - If it is a final payment that all permits have been signed off by the town.
 - In no event will Aura ever disburse to Borrower and/or the Contractor more than the amount of the Escrowed Repair Funds. If as a result of cost overruns, change orders, changes to the Scope of Work, or for any other reason the sum of (i) the final Construction Costs, (ii) the Required Permits costs and (iii) the Inspection Costs exceed the amount of the Escrowed Repair Funds, such excess must be paid by Borrower out of Borrower's own funds.
- Once the Inspection Package is reviewed for completeness, the Customer Relations Staff submits it to management for approval. Management will indicate approval by signing the *Holdback Request Form*.

- Once approved by management, the package is then sent to finance for the issuance of the check. Aura will disburse Escrowed Holdback Repair Funds only for the following purposes: (i) payment of Construction Costs; (ii) payment of Required Permits costs; (iii) payment of Inspection Costs.
- The Customer Service staff should ensure there are sufficient funds remaining in the holdback account to pay for all needed inspections. Once the project is completed an Inspection Cost Reimbursement form should be completed, approved by management and submitted to finance so that Aura can be reimbursed for the inspection cost. Aura will release and disburse from the Holdback Account \$120.00 to pay for each inspection.
- After all the work has been completed under the holdback agreement and inspections fees have been reimbursed to Aura and if there is a remaining balance in the holdback account, then the Customer Relations staff will discuss the account with management on where the balance should be moved. As outlined in the Holdback Agreement any balance will be used to fund the Capital Reserve Account and/or to make partial prepayments of principal under the Mortgage Loan.