

LIMITED REPAIR LOAN PROGRAM BORROWER'S DISCLOSURE AND INDEMNIFICATION AGREEMENT

Borrower(s) requests that Midwest Loan Solutions, Inc. advance loan proceeds in two disbursement amounts (the first disbursement is referred to as the "Initial Disbursement" and the second disbursement is referred to as the "Final Disbursement") to Borrower(s) in accordance with the terms of Loan # _____ (referred to as the "Loan Documents") in order for Borrower(s) to make the rehabilitation home improvements (referred to as the "Improvements") as described in the contract(s)/ accepted bid(s) between the Borrower(s) and the contractor(s) dated "Contracts") to the real property located at:

(referred to as the "Property").

The Initial Disbursement will be calculated as 35% of the total cost of materials and labor for the Improvements.

The Initial Disbursement will be given at the time of the loan closing and the Final Disbursement will be given at the time the Improvements are completed. Payment will be in the form of a check. If you have selected multiple contractors as permitted on the 203k program, multiple checks will be issued (for the VA program, multiple contractors are not permitted). The check(s) will be made payable to both the contractor(s) and borrower(s) (in cases where the borrower(s) is working with a qualified home improvement store as stated in the Loan Documents, the check(s) will be issued to the borrower(s) only), and the Initial Disbursement and Final Disbursement are to be used solely for the agreed upon Improvements to the Property.

Borrower(s) warrants and represents to Midwest Loan Solutions, Inc. its agents, successors and/or assigns (collectively referred to as the "Lender") as follows:

- Borrower(s) acknowledges that Borrower(s) will select and investigate, or has selected and investigated, the background, experience and reputation of any and all contractors (referred to as "Contractor(s)") who will furnish labor, material or other services for the construction of said Improvements. Borrower(s) acknowledges that Lender has, and shall have, no responsibility or liability whatsoever for the Contractor(s), subcontractors or suppliers or for the quality of the Contractor(s)'s, subcontractors' or suppliers' materials or workmanship relating to the Improvements.
- Borrower(s) acknowledges that Lender has the right to verify the acceptability of Borrower(s)'s selection of any or all Contractor(s) in accordance with Lender's guidelines and, additionally, Lender has the right to disallow any or all Contractor(s) that do not meet Lender's guidelines for Contractor(s).
- Borrower(s) understands that the Lender requires that the Property be free and clear of any liens which may arise and that the undersigned will protect the Lender against loss or damage because of any liens. Borrower(s) shall indemnify, defend and hold Lender and its agents, successors and/or assigns harmless from and against any loss, damage, cost or expense (including reasonable attorney fees) relating to any lien that may be asserted, attempted to be asserted, established and/or enforced against the Property or any interest in the Property. Lender shall provide to Borrower(s) prompt notice of any potential indemnification claim. Borrower(s) shall, at their expense, defend any claim and pay any settlement or judgment. Lender, after notice to Borrower(s), may take such action as it deems proper, including payment of the claim, and Lender may then obtain indemnification from Borrower(s).
- Borrower(s) shall indemnify, defend and hold Lender and its agents, successors and assigns harmless from and against any loss, damage, cost or expense (including reasonable attorney fees) arising from the incorrectness of these representations and any claim by Borrower(s) or any party relating to the Contractor(s)'s use of the Initial Disbursement and Final Disbursement (including, but not limited to, any claims relating to a Contractor(s)'s, subcontractor's or material supplier's misuse of the Initial Disbursement and Final Disbursement, failure to make the agreed upon Improvements, failure to make satisfactory repairs or quality of their workmanship or materials relating to the Improvements and the Contractor(s)'s failure to make payment to its subcontractors or material suppliers). Lender shall provide to Borrower(s) prompt notice of any potential indemnification claim. Borrower(s) shall, at their expense, defend the claim and pay any settlement or judgment. Lender, after notice to Borrower(s), may take such action as it deems proper, including payment of the claim, and Lender shall then be entitled to indemnification from Borrower(s).

- Borrower(s) understands that these statements and acknowledgments are made for the purpose of inducing the Lender to disburse the Initial Disbursement and Final Disbursement pursuant to the terms of the Loan Documents, and the Lender is relying upon the truth and accuracy of these statements in disbursing the Initial Disbursement and Final Disbursement.

Borrower

Date

Co-Borrower

Date

Loan Number: