



EPM RENOVATION SUBMISSION CHECKLIST

Prior to Loan Registration, ensure the chosen contractor meets the following requirements:

1. Fully licensed in property state, to complete contracting work (requirements vary from state to state)
2. Insured
3. Willing to work with lender and complete all required documentation
4. In business for minimum of 2 years (Some exceptions may apply)

Upon Initial Registration:

- ☐ Maximum Mortgage Worksheet (MMW) or Loan Submission Sheet or Contractor Bid required **prior to** Initial Disclosures
- ☐ Limited Renovation cost to repair must be under \$75K (including renovation fees) with no structural repair.
- ☐ If a Purchase, Purchase contract must include verbiage indicating the loan is a renovation loan

Once loan is submitted to EPM:

- ☐ Contractor's Bid is required prior to submitting loan to UW. The bid needs to be on letterhead (email, phone number, address, contact name), preferably signed by the contractor and must *be **itemized with labor & material cost*** per each scope of work.
 - EPM requires for one General Contractor only
 - In situations where more than one contractor is needed, one must be named as the General Contractor. The others will become subcontractors under the GC's supervision.
 - The GC must carry over all of the subcontractor's bids onto their bid.
 - If the bid changes at any time, the updated bid must be requested by the broker/correspondent then provided to EPM (Equity Prime Mortgage,).
- ☐ Completed Contractor Validation Package – ***Sent by Jr. Underwriter assigned to the loan, after underwriter has approved the loan.***
 - Contractor License **or** proof of state licensing requirements
 - Contractor Certificate of Liability Insurance – Minimum of \$1 million in coverage
 - A new Contractor Validation Package will be required if the Contractor changes
 - The underwriter will not review the Contractor Validation Package until it is signed/completed and returned.

- Appraisal (Contractor Bid (Limited & Standard) and SOR (Specification of Repairs) (if Standard) are **required** to be attached to the appraisal report)
 - Do NOT order the appraisal until the BID and SOR (if applicable) has been reviewed by UW and approved
 - If it is a 203k Refinance, EPM would require an “As Is” & “Subject To” appraisal
 - All other Renovation loans will need a “Subject To” appraisal
 - If the Contractor bid changes, the updated bid must be added to the appraisal report and the appraiser to make any value updates (if applicable)
 - If the appraisal has repairs needed, Bid/SOR will need to be updated to incorporate those requested repairs and the cost to complete
 - **FHA/Conventional:**
<https://epmequityprimemortgage.vmpclient.com/SignIn.aspx>
 - **VA:** <https://lgy.va.gov/lgyhub/>

Tips:

- ***Broker/Correspondent is responsible for any correction/update requests on Contractor, Appraisal and Renovation documents conditioned for by the underwriter.***
- ***Borrower are required to order permits prior to close on a refi transaction***
- ***HUD Consultant fee is the borrowers responsibly, some consultants require payment upfront. Can also be reimbursed to client as well.***
- ***If the Renovation cost is over \$75K (including renovation fees) or Structural, Specification of Repairs (SOR) completed by Approved HUD Consultant is required***
 - **SOR Report must be signed and dated by HUD consultant and accompanied by consultants’ invoice and w9.**
 - HUD Consultant fee is the borrower’s responsibility, some consultants require payment upfront.
 - HUD Consultants can be found here:
 - <http://www.203khudconsultants.com/Search>
 - <https://entp.hud.gov/idapp/html/f17cnsldata.cfm>

Once all conditions have been cleared:

- EPM will complete the final Maximum Mortgage Worksheet (MMW)
- Point of Contact after loan closes is your EPM Draw Specialist
- Once the loan closes and funds, the draw specialist team will send out a Welcome Email to all parties

DRAWS

1. Draws are funded via ACH direct deposit to contractor.
2. No upfront funds for material draws, no funds at closing.
3. On 203K Limited (\$75,000) and VA Reno (\$50,000) ONLY, 50% of the budget is available to start the project.
4. On 203K Standard, Fannie Mae Homestyle, VA over \$50,000, Contractor must be able to fund the start of the project with their own capital/lines of credit/vendor accounts.
5. Fannie Mae and Freddie Choice, does allow for upfront material draw that would need to be coordinated with your draw specialist after closing, cannot happen prior.
6. Final Payment is paid upon Approved Final 1004D or Consultant's Completion inspection Report.
7. Contractor W9 collected at Validation, 1099 sent out at year end.
8. Permits, if applicable, must be submitted with 1st draw.
9. Final approved permits and Certificate of Occupancy, if applicable, must be submitted with final draw.
10. 5th draw must be final. If additional draws are requested, must get lender approval. Valid reason must be given.
11. Contractor disbursements require 10% holdback. Holdback will be released with final draw after all documents are obtained and title is clear if no liens or judgements.
12. Title update will be ordered with final draw.
13. Change of contractor – Title update will be ordered prior to releasing funds to exiting contractor.
14. Contractor documents must be current, no expired license or insurance policies.