

- 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**
- 🔗 **If property is uninhabitable during renovations, builders risk policy will be required for the appropriate months shows on the work write up. (Typically, 6-month coverage needed)**
- 🔗 **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 9.**
 - 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:

- Renovation Specialist will send final renovation documents (Homeowner/Contractor Agreement & Borrower's Acknowledgement) to contractor and borrower for signature. All pages signed and dated by contractor and borrower(s)
- EPM will complete the final Maximum Mortgage Worksheet (MMW)
- Point of Contact after loan closes is your EPM Draw Specialist

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 over \$75,000, Contractor must be able to fund the start of the project with their own capital/lines of credit/vendor accounts.
5. Final Payment is paid upon Approved Final 1004D or Consultant's Completion inspection Report.
6. Contractor W9 collected at Validation, 1099 sent out at year end.
7. 1st draw should be for a minimum of 10% completed repairs.
8. A minimum of 20 pictures per draw.
9. Permits, if applicable, must be submitted with 1st draw.
10. Final approved permits and Certificate of Occupancy, if applicable, must be submitted with final draw.
11. All consultants that submit a draw must provide invoice for their inspection services.
12. 5th draw must be final. If additional draws are requested, must get lender approval. Valid reason must be given.
13. 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 judgments.
14. Title update will be ordered with final draw.
15. Change of contractor – Title update will be ordered prior to releasing funds to exiting contractor.
16. Contractor documents must be current, no expired license or insurance policies.