

**EPM RENOVATION SUBMISSION CHECKLIST**

Prior to Loan Registration

* Ensure the chosen contractor meets the following requirements:
* Fully licensed in property state, to complete contracting work (requirements vary from state to state)
* Insured
* Willing to work with lender and complete all required documentation
* In business for minimum of 2 years

Initial Registration:

* Maximum Mortgage Worksheet (MMW) or Loan Submission Sheet or Contractor Bid required **prior to** Initial Disclosures
* **Contractor’s Bid is required prior to submitting loan to UW**. 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.
  + If the bid changes at any time, the updated bid must be requested by the broker/correspondent then provided to EPM.
* Limited Renovation cost to repair must be under $35K (including renovation fees) with no structural repair.
* If the Renovation cost is over $35K (including renovation fees) or Structural,

Specification of Repairs (SOR) completed by Approved HUD Consultant is required

* HUD consultant hiring is the responsibility of borrower/broker/correspondent lender
  + SOR ***Report must be signed and dated by HUD consultant and accompanied by consultants’ invoice and w9.***
* If a Purchase, Purchase contract must include verbiage indicating the loan is a renovation loan

Once loan is submitted to EPM:

* Completed Contractor Validation Package – ***Sent to contractor via DocuSign by assigned Account Manager within 72 hours of Submittal to Underwriting***
  + It’s the borrower's responsibility to make sure the contractor documents from validation package are submitted to the broker/correspondent to provide to lender.
  + Need Contractor License **or** proof of state licensing requirements
  + Need Contractor Certificate of Liability Insurance with Works Comp Insurance – Minimum of $1 million in coverage
  + A new Contractor Validation Package will be required if the Contractor changes
  + Contractor's name and address is required on the HOCA – any change to the repair budget, a new HOCA will be needed.
  + Contractor's Cost Estimate and Contractor's General Liability Insurance Certificate must match the name on the Contractor’s License.
  + The underwriter will not review the Contractor Validation Package until it’s signed/completed and returned.
* Appraisal (Contractor Bid (Limited & Standard) and SOR (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 you choose to order the appraisal prior to obtaining the SOR, you must, at least, order the appraisal with a bid broken out with Labor and Material cost. EPM advises and recommends the appraisal being ordered with the SOR to prevent delays and for the most accurate appraisal.
  + 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 appraisal has repairs needed, Bid/SOR will need to be updated to incorporate those requested repairs and the cost to complete.
  + If the Contractor bid and/or Consultants SOR changes, the updated bid/SOR must be added to the appraisal report and the appraiser is to make any value updates (if applicable)

***Tips:***

* ***EPM is currently not accepting unit conversion reno loans***
* *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 shown on the work write up. (Typically, 6-month coverage needed) and is paid for by borrower, outside of closing.***
* *HUD Consultant fee is the borrowers responsibly, some consultants require payment upfront. Can also be reimbursed (through the loan) with a paid invoice. The initial Consultant fee itemized is $1000 and can be updated with an invoice if the amount meets guideline requirements.*
* ***FHA/Conventional:*** *HUD Consultants can be found here:*
  + - [*http://www.203khudconsultants.com/Search*](http://www.203khudconsultants.com/Search)
    - [*https://entp.hud.gov/idapp/html/f17cnsltdata.cfm*](https://entp.hud.gov/idapp/html/f17cnsltdata.cfm)

Once loan is closed

* Point of Contact after loan closes is your EPM Draw Specialist listed on the loan
* Draw Spec will send a Welcome Letter to contractor and borrower