



FANNIEMAE HOMESTYLE

CONTRACTOR PACKAGE



CONTRACTOR INFORMATION PACKET - CHECKLIST

It is important to ensure your work is being completed by a qualified Contractor, who has been in business for at least (3) years. For that reason, we ask that you provide the following information for each Contractor that you wish to use during your construction:

- Contractor Profile Completed & Signed
- Copy of the Contractor's License
- Completed and Signed W9
- Copy of Contractor Liability Insurance / Workman's Compensation Insurance
- Homeowner / Contractor Agreement
 - Amount of work matches amount of work in the bids and work write-up
 - Select completion date of the project within (6) months of closing (specific date)
 - All blanks completed
 - Signed and Dated by borrower and Contractor on page 13
- Estimate / Bid or a Detailed List of Work to be Completed – Signed by Contractor
- Contractor's Signature on Consultant's Work Write-up (if applicable)
- Copy of the Lead Based Paint Certification

Estimated Closing Date: _____ All documents must be received 15 days prior to closing date



CONTRACTOR SELECTION

You have applied for a renovation loan. One of the requirements for this type of loan is that you have a General Contractor. You must be the party to select the General Contractor as required for a Standard 203k project or in the case of a Limited 203k, up to (3) Contractors. Neither the lender nor its employees can refer you to a specific Contractor. It is your responsibility to select the Contractor, and to check the work and references of the Contractor you select.

BELOW ARE SOME TIPS TO ASSIST YOU IN CHOOSING A CONTRACTOR:

- Check with the Better Business Bureau to see if any claims have been filed against the Contractor.
- Get a list of homeowner references from the Contractor and then call them to see if they were satisfied with the Contractor's work and completion time.
- If possible, go to existing jobs the Contractor may have in progress or has just completed and check the work yourself.
- Ask the Contractor to provide you with a copy of his Builder's Risk and/or General Liability Insurance.

It is impossible to ensure that no problems will arise with the Contractor(s) during the renovation process. However, the above items may help minimize any problems that may occur. Once you have selected your Contractor(s), please have them complete the Contractor package in its entirety. All Contractor documents must be submitted a minimum of 15 days prior to your closing date.

Should any problem arise after the completion of the renovation and final inspection, you will need to contact your Contractor directly.

I hereby acknowledge I have read and understand the above information and I acknowledge the responsibility of choosing my Contractor for my renovation loan.

*All Contractors must meet the lender's requirements which will be determined upon submission of the Contractor's documents.

Borrower

Date

Co-Borrower

Date



CONTRACTOR ACKNOWLEDGMENT CHECKLIST

Contractor Name: _____ Email: _____

Borrower Name: _____ Date: _____

Below is a checklist of items to be aware of during the renovation process. Please carefully read each line and check the box acknowledging that you understand what is expected of the Contractor once the loan closes and will work directly with the homeowner and consultant (if applicable) to resolve any disputes during the renovation period.

- ☐ Please keep open communication between you, the homeowner, the consultant and your AnnieMac Home Mortgage draw administrator. If there are any issues, address them immediately with all parties involved.
- ☐ Make sure that the project starts within 30 days of closing. Create a timeline with the homeowner up-front.
- ☐ Submit all necessary permits to draws@annie-mac.com before starting work or the 1st draw will not be approved. If this is a HomeStyle® without a consultant, all permits need to be on file before the initial disbursement is approved.
- ☐ Don't deviate from the original scope of repairs or bid. If changes need to be made please get pre-approval from AnnieMac Home Mortgage before starting the changes.
- ☐ Don't sign any other contracts with the homeowner for any other work until the renovations on the specification of repair or bid are completed and the project is finished. If other work is started, this could delay final payment.
- ☐ The contingency account is for health & safety issues (mechanicals) and no change orders will be approved until they are completed. Once the mechanicals are completed, the contingency can be used for other repairs that add value to the property.
- ☐ Please be present for all draw inspections. Money will only be released for work completed. Funds for materials yet to be installed will not be released.
- ☐ A 10% holdback will be kept from each draw. These monies will be disbursed after the project is complete which includes: final approved permits from the township, a clean title update and letter of completion signed by the homeowner stating all work has been completed. This can take up to (35) days depending on the county.

Contractor Signature: _____ Date: _____



NOTICE TO CONTRACTOR

Please be advised that you are required to use only licensed sub-contractors during the renovation project. Any sub-contractor hired needs to be insured whether that be coverage by your workers comp insurance or their own. At no time are you to hire unqualified/uninsured/unlicensed parties to work on the subject property. If you should hire parties that are not licensed and/or insured, you can be subject to non-payment for any work completed by those parties. By signing this document, you acknowledge you have read and understand these requirements and will adhere to this policy.

Contractor

Date



RENOVATION CONTRACTOR PROFILE

Borrower's Name: _____

Property Address: _____

City: _____ State: _____ Zip: _____

Company Name "Contractor":	_____
Street Address:	_____
City, State, Zip:	_____
Contact Person:	_____
Phone Number:	_____
Fax Number:	_____
Email Address:	_____

☐ Corporation ☐ Joint Venture ☐ Partnership ☐ Individual ☐ Other: _____

Number of years you have been in business under your current name: _____

Jurisdiction(s) in which you are legally licensed/qualified to do business: _____

If you have been in business for less than 3 years, please provide a resume with a detailed history of your construction background on a separate document.

License Number: _____

License Type: _____

Are you in any way related to the borrowers? _____

Are there any judgments, claims, arbitration proceedings or suits pending or outstanding against you or your organization or its officers? _____
(If Yes, describe in an attached document.)

Have you or your organization filed any lawsuits or requested arbitration with regard to construction contracts within the last 5 years? _____
(If Yes, describe in an attached document.)

Contractor represents and warrants that all information in this Contractor profile is complete and accurate. Contractor authorizes the borrower and/or lender to contact the references listed below in order to verify the information is complete and accurate.

Printed Name: _____

Title: _____

Signature: _____

Date: _____

FINANCIAL REFERENCE

Provide information on (1) financial institution to show that you are able to float day-to-day operation costs for the renovation project between the disbursement periods.

Institution Name: _____

Contact Name: _____

Phone Number: _____

TRADE REFERENCE

Provide information on (1) trade reference or SubContractor to show that you are able to float the day-to-day operations of the project.

Institution Name: _____

Contact Name: _____

Phone Number: _____

PROJECT REFERENCES

Provide information on (3) completed (not ongoing) projects completed by you or your organization within the last 12 months that are similar in scope to this project. Please include contact information, contract amounts, a description of the project and dates of completion. (Attach separate sheet if necessary)

Reference Name: _____

Daytime Phone Number: _____ Email: _____

Project Location: _____
Street City State Zip

Project Description: _____

Date of Completion: _____

Cost of Job: \$ _____

Reference Name: _____

Daytime Phone Number: _____ Email: _____

Project Location: _____
Street City State Zip

Project Description: _____

Date of Completion: _____

Cost of Job: \$ _____

Reference Name: _____

Daytime Phone Number: _____ Email: _____

Project Location: _____
Street City State Zip

Project Description: _____

Date of Completion: _____

Cost of Job: \$ _____



RENOVATION CONTRACT

Case Number: _____ Date: _____
Borrower Name(s): _____ Phone #: _____
_____ Phone #: _____

THIS RENOVATION CONTRACT ("Contract") dated as of _____, _____ by and between
_____ ("Owner") and
_____ ("Contractor").

Owner and Contractor, in consideration of the mutual covenants hereinafter set forth, agree as follows:

Article 1. Work.

Contractor will perform the renovation services identified in Exhibit "A" ("Work") in accordance with the Contract Documents, as identified in Article 8 of this Contract on property which is located at _____ ("Property").

Article 2. Contract Time.

The Work will be completed on or before _____ ("Completion Date"), subject to modifications in approved Change Orders, but no later than twelve (12) months after the loan closing date on the Property. The Work will be considered completed when Owner's lender ("Lender") obtains a certification of completion stating the Work was completed in accordance with the Contract Documents, and the final, unconditional certificate of occupancy issued by the responsible government authority, if required by law. Before starting the Work, Contractor will submit to Owner for review an estimated progress schedule indicating the starting and completion dates of various stages of the Work and the corresponding payments to be made to the contractor.

Article 3. Contract Price.

Owner will pay to Contractor an amount equal to \$ _____ ("Contract Price") for completion of the Work.

Article 4. Change Orders.

Any increase or decrease in the Contract Price, change in the Work or change in the Contract Time must be set forth in a change order signed by Owner and Contractor and approved by the Lender ("Change Order").

Article 5. Contract Documents.

The Contract Documents which comprise the entire Contract between Owner and Contractor concerning the Work consist of this Contract, Exhibit "A," the plans and specifications, and any Change Orders.

Article 6. Payment Procedures

6.1 Progress Payments. Contractor will submit to Owner a request for payment in a format agreed to by Owner and Contractor and approved by Lender ("Request for Disbursement") which will cover completed and inspected work.

Within ten calendar days after a Request for Disbursement is presented, Owner will notify Contractor if Owner has any concerns about the Request for Disbursement that Owner believes should be resolved before Owner pays the amounts specified in the Request for Disbursement, and, in this event, Owner and Contractor will promptly meet to address such concerns. Owner will pay Contractor ninety percent (90%) of the full amount covered by the Request for Disbursement within ten calendar days from the day it was presented while retaining ten percent (10%) thereof ("Holdback") to be paid simultaneously with the final payment. Payment may be withheld for: (1) failure to perform the Work in accordance with the Contract Documents; (2) defective Work that is not corrected; or (3) failure of the Contractor to pay subcontractors or to pay for labor, materials or equipment when due.

6.2 Final Payment. Final payment of the balance of the Contract Price including the Holdback will be made in accordance with the following procedures:

a. When Contractor considers the Work substantially complete, Contractor will notify Owner in writing. Within a reasonable time thereafter, Owner and Contractor will inspect the Work. Promptly after such inspection, Owner will deliver to Contractor a written punch list of the items that must be completed in order for the Work to reach final completion ("Final Completion"). Alternatively, Owner will deliver to Contractor a written statement that Final Completion has been reached because no punch list items remain to be completed.

b. If Owner delivers a written punch list to Contractor, then Contractor will deliver to Owner a written notice that the Work is finally complete when Contractor believes that the punch list items have been completed. Then Owner and Contractor will promptly inspect the punch list items. Promptly after such inspection, Owner will deliver to Contractor either (i) a written statement that Final Completion has been reached or (ii) another written punch list of the items that still must be completed in order for the Work to reach Final Completion in which event the punch

list procedure described above will be repeated until all punch list items have been completed.

c. When Final Completion has been reached and after Contractor has delivered to Owner all maintenance and operating instructions, schedules, guarantees, certificates of inspection, marked-up record documents and other documents, Contractor may make application for final payment following the procedure for progress payments. The final Request for Disbursement will be accompanied by all documentation called for in the Contract Documents, together with complete and legally effective releases or waivers (satisfactory to Owner and Lender) of all potential liens arising out of or filed in connection with the Work.

Article 7. Interest.

Payments due and unpaid to Contractor will bear no interest.

Article 8. Contractor's Representation.

In order to induce Owner to enter into this Contract, Contractor makes the following representation:

Contractor has familiarized itself with the nature and extent of the Contract Documents, Work site, locality, and all local conditions and laws and regulations that in any manner may affect cost, progress, performance or furnishing of the Work. Contractor is duly licensed to perform the Work as required by local laws and regulations.

Article 9. Contractor's Responsibilities.

9.1. **Performance.** Contractor will perform the Work in accordance with the Contract Documents. Contractor will be solely responsible for the means, methods, techniques, sequences and procedures of construction.

9.2. **Personnel.** Contractor will provide competent, suitable personnel to perform services as required by the Contract Documents. Contractor will at all times maintain good discipline and order at the Property.

9.3. **Furnished Items.** Contractor will furnish and be fully responsible for all materials, equipment, labor, transportation, construction equipment and machinery, tools, appliances, fuel, power, light, heat, telephone, water sanitary facilities, temporary facilities and all other facilities and incidentals necessary for the furnishing, performance, testing, start-up and completion of the Work, except as specified in the Contract Documents.

9.4. **Materials.** All materials and equipment will be of good quality and new, except as otherwise provided in the Contract Documents. All materials and equipment will be applied, installed, connected, erected, used, cleaned and conditioned in accordance with the instructions of the applicable supplier.

9.5. **Subcontractors.** Contractor will be fully responsible to Owner for all acts and omissions of its subcontractors, suppliers and other persons and organizations performing or furnishing any of the Work under a direct or indirect contract with Contractor just as Contractor is responsible for Contractor's own acts and omissions. Nothing in the Contract Documents will create any contractual relationship between Owner and any such subcontractor, supplier or other person or organization, nor will it create any obligation on the part of Owner to pay any such subcontractor, supplier or other person or organization except as may otherwise be required by laws and regulations. Contractor will give Lender the name, address and telephone number of each person that has a contract with Contractor to supply materials or labor for the Work.

9.6. **Permits; Inspections.** Contractor will obtain and will pay for all construction permits and licenses unless otherwise agreed to by the Owner in writing. Owner will assist Contractor, when necessary, in obtaining such permits and licenses. Contractor will pay all governmental charges and inspection fees necessary for the Work and arrange for all such inspections to occur if required. Contractor will give all notices and comply with all laws and regulations applicable to furnishing and performance of the Work.

9.7. **Taxes.** Contractor will pay all sales, consumer, use and other similar taxes required to be paid by Contractor in accordance with the laws and regulations of the place of the Work which are applicable during the performance of the Work.

9.8. **Use of Premises.** Contractor will confine construction equipment, the storage of materials and equipment and the operations of workers to the Property, and will not unreasonably encumber the Property with materials or equipment. Contractor will be fully responsible for any damage to the Property or areas contiguous thereto resulting from the performance of the Work. During the progress of the Work, Contractor will keep the Property free from accumulations of waste materials, rubbish and other debris resulting from the Work. At the completion of the Work, Contractor will remove all waste materials, rubbish and debris from and about the Property as well as all tools, appliances, construction equipment and machinery, and surplus materials, and will leave the Property clean and ready for occupancy by Owner.

9.9. **Record Documents.** Contractor will maintain in a safe place at the Property one record copy of all drawings, specifications, addenda, written amendments, Change Orders, and the like in good order and annotated to show all changes made during construction which will be delivered to Owner.

9.10. **Safety.** Contractor will be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the Work. Contractor will comply with all applicable laws and regulations relating to the safety of persons or property.

9.11. **Continuing the Work.** Contractor will carry on the Work and adhere to the progress schedule during all disputes or disagreements with Owner.

9.12. **Damage to the Work.** Contractor will repair or replace, at Contractor's sole expense, every portion of the Work that is damaged or destroyed prior to Final Completion and caused in

whole or in part by the acts or omissions of Contractor. Notwithstanding the foregoing, Owner will bear the cost of such repair or replacement if the sole cause of the damage or destruction of the Work was Owner's negligence.

9.13. **Warranty.** Contractor warrants and guarantees to Owner that all Work will be in accordance with the Contract Documents and will not be defective. If within one year after the date of Final Completion or such longer period of time as may be prescribed by laws or regulations or by the terms of any specific provision or applicable special guarantee in the Contract Documents, any Work is found to be defective, Contractor will promptly, without cost to Owner and in accordance with Owner's written instructions, promptly either correct such defective Work, or if it has been rejected by Owner, remove it from the Property and replace it with non-defective Work. If Contractor does not promptly comply with the terms of such instructions, or in an emergency where delay would cause serious risk of loss or damage, Owner may have the defective Work corrected or the rejected Work removed and replaced, and all direct, indirect and consequential costs of such removal and replacement (including but not limited to fees and charges of engineers, architects, attorneys and other professionals) will be paid by Contractor.

9.14. **Indemnity and Hold Harmless.** Contractor will indemnify and hold harmless Owner against all loss, liability, cost expense, damage and economic detriment of any kind whatsoever that arises out of or results from performance of the Work but only to the extent caused in whole or in part by the acts or omissions of the Contractor.

9.15 **Related Work at Property.** Owner may perform other work at the Property which is not part of the Work by Owner's own forces or let other direct contracts therefor. Contractor will afford Owner's own forces and each other contractor who is a party to such a direct contract proper and safe access to the Property and a reasonable opportunity for the introduction and storage of materials and equipment and the execution of such work. Contractor will do all cutting, fitting and patching of the Work that may be required to make its several parts come together properly and integrate with such other work. Contractor will not endanger any work of others by cutting, excavating or otherwise altering their work and will only cut or alter their work with the written consent of Owner and the others whose work will be affected.

Article 10. Insurance.

10.1. **Contractor's Insurance.** Contractor will purchase and maintain the following insurance policies: (i) a builder's all risk insurance policy (with a mortgagee's loss payable clause in favor of Lender and with a physical loss form endorsement), without co-insurance, in an amount not less than one hundred percent (100%) of the replacement cost of the Work, with the standard conditions; (ii) public liability insurance with limits of liability equal to at least \$500,000 per occurrence; (iii) workers' compensation insurance as required by applicable state law; (iv) automobile liability insurance with limits of liability equal to at least \$300,000 per occurrence for each vehicle that will be used in providing the services hereunder; and (v) other insurance as is appropriate for the Work being performed.

Before any Work is started, Contractor will deliver to Owner certificates or other evidence of the

insurance that Contractor is required to purchase and maintain.

10.2 **Owner's Insurance.** Owner will be responsible for purchasing and maintaining Owner's liability insurance and other reasonably appropriate insurance.

Article 11. Termination.

11.1 **Termination by Owner.** If the Contractor breaches any of its obligations under this Agreement, then Owner may give Contractor written notification identifying such breach. If Contractor has not cured such breach within seven (7) calendar days from its receipt of Owner's written notification or if such breach cannot be cured within such seven (7) day period, then if Contractor either does not begin cure within such seven (7) day period or fails to diligently prosecute cure to completion, Owner may terminate this Contract and take possession of the Work. Alternatively, instead of terminating the Contract, Owner may cure the breach and deduct the cost thereof from amounts otherwise owed to the Contractor.

11.2 **Termination by Contractor.** If the Owner breaches any of its obligations under this Agreement, then Contractor may give Owner written notification identifying such breach. If Owner has not cured such breach within seven (7) calendar days from its receipt of Contractor's written notification, or if such breach cannot be cured within such seven (7) day period, then if Owner either does not begin cure within such seven (7) day period or fails to diligently prosecute cure to completion, Contractor may terminate this Contract.

Article 12. Miscellaneous.

12.1. Assignment of any rights or interests under this Contract will not be binding on any party to this Contract without the written consent of such party. Payments due under this Contract may not be assigned. Notwithstanding the foregoing, the Owner hereby assigns all of its rights, title and interest in and to this Contract to the Lender, _____, having an address at _____, as additional security for the loan. The Contractor hereby consents to such assignment. Notwithstanding anything to the contrary in this Contract, upon a breach by the Owner of this Contract, the Contractor will give the Lender notice of such a breach, at the address set forth above, and provided that the Owner or the Lender cures such default within a reasonable period and continues to pay the Contractor all amounts due under this Contract, the Contractor will continue to perform its services under this Contract.

12.2. Owner and Contractor each binds itself, its partners, successors, assigns and legal representatives, to the other party hereto, its partners, successors, assigns and legal representatives in respect to all covenants, agreements and obligations contained in the Contract Documents.

12.3. This Contract and all issues, disputes and matters arising out of it will be governed by and construed in accordance with the law of the state in which the Property is located, exclusive of that body of law governing conflicts of laws.

IN WITNESS WHEREOF, Owner and Contractor have signed this Contract.

This Contract will be effective on _____, _____.

Owner: _____

Address for giving notices:

Contractor: _____

License No. _____

By: _____

Address for giving notices:

EXHIBIT A
RENOVATION SERVICES



WORKMAN'S COMPENSATION INSURANCE UPDATE:

As of January 1st, 2014 workman's compensation insurance is required for all 203k renovation loans. It is required when the Contractor on the file has employees on the job site during the renovations and/or where required by the state. If not required by the state then please provide proof the state does not require it and a signed/dated letter of explanation.

All states view workman's compensation insurance differently and it is up to the General Contractor to provide the correct information from the state where the work is being completed. Failure to provide the proper information could delay the closing of the loan and/or stop the General Contractor from being accepted by AnnieMac Home Mortgage.

If you have any questions pertaining to workman's compensation insurance please reach out to AnnieMac Home Mortgage and we will assist you in making sure you have the proper coverage.



LEAD PAINT INFORMATION

Environmental Protection Agency (EPA) Lead Renovation, Repair and Painting Rule (RRP Rule) requires that firms performing renovation, repair, and painting projects that disturb lead based paint in homes, child care facilities and pre-schools built before 1978 have their firm certified by EPA (or an EPA authorized state), use certified renovators who are trained by EPA approved training providers and follow lead-safe work practices.

For any renovation loan with AnnieMac Home Mortgage on a property that was built prior to 1978 there must be a lead paint certification on file. The certification for the file must have one of the following:

- Be in the name of the General Contractor.
- Be an employee of the General Contractor and contain a letter stating that the employee works for the company.
- Be in the name of a SubContractor and contain a letter from the General Contractor stating the certificate holder will be doing any lead paint remediation on the property.

If a General Contractor does not have any of the above they can take the course for lead paint certification at: <http://www.lead-safe-certified.com/>.



DID YOU KNOW?

- HomeStyle Renovation Loans are open to owner occupied, investment and second homes.
- The HomeStyle Renovation Loan can be used for condos but are subject to additional restrictions.
- The HomeStyle Renovation Loan can be used to convert a one-family dwelling into a two, three or four-family owner-occupied dwelling (or vice versa) if the township approves of it and we receive back-up information.
- “Luxury” items are permitted under the HomeStyle Renovation Loan including pools however, all improvements must be permanent and attached to the property.
- The program can be used to finish a home that has been substantially completed.
- The 10% holdback on each draw/change order is to ensure that no liens from the Contractor exist on the property.
- The maximum number of draws a Contractor can have on a renovation loan is five (5).
- The Bid of Repairs (job proposal) needs to define labor and material costs and provide a narrative for each section.
- The contingency account (10% minimum of the total project) is held in a reserve during the project for any unforeseen health and safety issues that may arise. Near the end of the renovation, if this money has not been used it can either be applied to the principal or other projects that add value to the house can be completed.



- The contractor can receive a one time material draw without an inspection for 50% of the materials or up to \$20,000.00 whichever is less.
- A draw schedule should be submitted to the Consultant before the project begins and the Consultant will inspect the property before any money is released for completed work.
- Once the draw paperwork is fully executed and submitted to AnnieMac Home Mortgage, it takes approximately 3 days to process and 2-3 days to be disbursed.
- Disbursement checks are two-party checks and must be signed by both the homeowner and the Contractor.
- For more information regarding HomeStyle Guidelines see: www.Fanniemae.com