

**CONSUMER RENOVATION INFORMATION - STANDARD**

Property Address: _____ Date: _____

Borrower Names: _____

Loan Number: _____

Please review the important tips listed below about Renovation Mortgages and home improvement projects.

1. For the Renovation Mortgage, you can receive 10% of the agreed upon estimate after the loan closing.
The funds provided for renovation are placed in an interest-bearing escrow account ("Escrow Account").
2. The lender will require that a contingency reserve be placed in the Escrow Account to cover unforeseen repairs or deficiencies during the renovation. If funds remain in the account after the renovation is complete, they will be used to reduce the principal balance of your loan. Funds remaining in the account will not be sent back to you directly.
3. When selecting a contractor, always review the contractor's references, licensing, and financial background.
4. You are responsible for negotiating any agreements or warranties with the contractor.
The lender does not provide any warranty on the contractor or their work.
5. You are responsible for overseeing the renovation and ensuring that it is done as specified in the Construction Contract with the contractor. If work stops for an extended period of time, or there are problems with the work performed that may cause significant delays, you must contact the lender.
The Lender can be contacted via e-mail Renovation@afrwholesale.com, or by phone 800-624-0501.
6. If you are purchasing a home to renovate it, please note that the lender does not warrant or guarantee the condition of the property being purchased or the renovation.
7. If you are purchasing a home to renovate, the lender highly recommends hiring a 3rd party home inspector to inspect the property for unknown defects that may be costly and or hazardous.
8. You are responsible for making the mortgage payment each month, even if the renovation is not completed.
9. Do not approve or request funds to be released to the contractor if you are not happy with the work.
Do not accept unsatisfactory work.
10. Do not pay the contractor out of your own funds.
11. The lender will withhold a 10% retainage from each Draw Request.
These funds are paid to the contractor when the work is completed.
12. If you would like to revise the original approved renovation, you must submit a Change Order Request to the lender for prior Approval and deposit any additional required funds (including a contingency reserve) into the Escrow Account held by the Lender.
13. When the renovation is completed, you and the contractor must sign a Mortgagor's Letter of Completion and a Conditional Waiver & Release.
The lender will provide you an accounting for all distribution of funds deposited and withdrawn from the Escrow Account upon request.

I acknowledge that I have read this Consumer Renovation Information and that I understand it._____
Borrower's Signature_____
Date_____
Co-Borrower's Signature_____
Date

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