



## HOMESTYLE DRAW PROCEDURE

1. Pursuant to the Rehabilitation Loan Agreement executed at closing, work must begin within thirty days of closing, not stop for more than thirty days and be completed within fifteen months of closing or earlier depending on the scope of work. If there are extenuating circumstances preventing this, please contact us immediately. Requests for extensions should be in writing on the Change Order Extension Request Form. Your Draw Administrator can provide this document.
2. If permits are required (depending on the type of work to be completed), copies of the permits must be sent to the Draw Administrator **prior** to the release of funds on the first draw.
3. Funds can only be released **after** some work has been completed. There are no start-up funds. Funds can be dispersed in percentages of line items—you can request draw releases with work partially completed.
4. There will be a mandatory **10% holdback** on each check issued until all work has been completed and the necessary certifications (Certificate of Occupancy, fire underwriters, etc.) have been received.
5. If funds have been worked into your loan for engineer, architect, permit fees, etc., please provide your Draw Administrator with paid receipts and you will be reimbursed accordingly.
6. When you need an inspection, please contact the inspector listed on your Welcome Letter to coordinate an inspection with you, your contractor and the inspector.
7. A Final Title Update will be ordered when the Final Draw Request is received. Title updates may take several days depending on your title company—this may delay the processing of your check. If the title update reveals problems, you will be advised. It will be your responsibility to resolve any title issues. If the appointment is canceled, contact us immediately so that we can prevent incurring a title update fee needlessly. By advising us of the inspection date, we will be alerted to look for the inspection report.
8. It is important that you, your contractor and inspector be present at the inspection to assure that all parties are in agreement. The Draw Request Form must be signed by all three parties before we can issue a check. This form should be emailed to your Draw Administrator.
9. Checks are to be made payable to all of the borrowers on the mortgage **and** contractor. It will take approximately 5-7 business days from the receipt of the fully executed Draw Request, Lien Waiver/Release and Clear title update to process the check. Please remember that the 10% holdback will be deducted from the check. **If the check is to be mailed to a location other than the subject property, please notify your Draw Administrator.** We will make every effort to expedite delivery of the check to you. Your check will be mailed to you along with a copy of the Accounting Form.
10. **Change Order Requests:** Any changes involving the rehabilitation work or parties involved in the transaction require prior approval by Advisors Mortgage Group, LLC submitted in the form of a formal Homestyle Change Order Request ex: change of contractor, cost overruns, additional work, different materials, etc. This form must be signed by the same parties who need to sign the Draw Request and **MUST** be approved by Advisors. **Work items must be related to health and safety requirements in order for contingency funds to be disbursed in the middle of the rehabilitation stage or prior to completion of all required repairs per Specification of Repairs.** After all of the original work items have been completed and funds remain available, the Change Order is used as described below during Final Release.
11. A set amount of funds has been reserved to pay for inspection and title update fees. If you require additional inspections, **you** will be responsible for the additional fees.
12. **Final Draw:** When all of the work is completed according to the approved architectural exhibits and change orders, a final inspection and title update will be ordered. Before the final funds are released, please contact your Draw Administrator to discuss how any unused funds are to be used. If additional work is permitted under the specific program, a Change Order Request should be completed and inspected. If the funds are to be returned to you (**only if it was paid in cash at closing**) or used to pay down principal, this **must be determined before the final release.** You will be sent the Homestyle Completion Certificate to sign and return before we can release the final funds (see below for example). The Draw Requests,

Release/Waiver, Change Orders and Homestyle Completion Certification signed by all parties, the final title update, Certificate of Occupancy (if applicable) and any sign offs or certifications from your municipality (if applicable) must be provided before the final check is processed. If the Certificate of Occupancy is not available at the time of the final release, the 10% holdback cannot be released.

**13. You cannot request additional work items or change the manner of resolution of the various funds once the account has been closed.**

Borrower Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Borrower Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Borrower Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Contractor Signature: \_\_\_\_\_ Date: \_\_\_\_\_



### HomeStyle® Change Order Request

THIS IS A MODEL DOCUMENT FOR USE IN HOMESTYLE LOAN TRANSACTIONS. THIS FORM IS PROVIDED AS AN EXAMPLE AND IS NOT VALID AND ENFORCEABLE IN ALL JURISDICTIONS. LENDERS SHOULD CONSULT WITH LEGAL COUNSEL TO ENSURE THAT ALL FORMS USED TO ORIGINATE CONSTRUCTION-TO-PERMANENT MORTGAGES ARE APPROPRIATE, AND THAT ALL LEGAL INSTRUMENTS ARE COMPLETED CORRECTLY AND IN COMPLIANCE WITH APPLICABLE LAW.

Case Number: _____	Date: _____
Lender Name: _____	
Change Order Request Number: _____	
Borrower Name(s): _____	Phone #1: _____
_____	Phone #2: _____
Subject Property Address: _____ _____	
Contractor Name: _____	
Address: _____ _____	
Point of Contact: _____	
Phone#: _____	Fax#: _____
Alternate#: _____	

Original Contract Cost: \$ \_\_\_\_\_ Original Completion Date: \_\_\_\_\_

The Contract Changes are described below. Attach supporting documentation as needed.

- |    |  |               |
|----|--|---------------|
| 1. |  | \$ _____      |
|    |  | <i>(Cost)</i> |
| 2. |  | \$ _____      |
|    |  | <i>(Cost)</i> |
| 3. |  | \$ _____      |
|    |  | <i>(Cost)</i> |

Please list supporting documents: \_\_\_\_\_ Total Cost: \$ \_\_\_\_\_

The total cost of the changes listed above is \$ \_\_\_\_\_. The total cost of the renovation, including the changes described above, is now \$ \_\_\_\_\_. The date of completion is now estimated to be \_\_\_\_\_ based on the modifications in the Change Order Request.

Borrower and Contractor agree to the terms stated above:

Borrower: \_\_\_\_\_ Contractor: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

Approved By: _____	
Lender Name: _____	Title: _____
Date: _____	

