

HOME PATH / HOMESTYLE HOMEOWNER/CONTRACTOR AGREEMENT

Owner's Name(s):		Loan Number:	
Address:			
City:	State:	Zip Code:	
Telephone Number:	Work:	Cell/Mobile:	
Contractor's Name:		License No.:	
Address:			
City:	State:	Zip Code:	
Telephone Number:	Work:	Cell/Mobile:	

THIS AGREEMENT made this date _____ between the above mentioned Homeowner (Owner) and Contractor is for the renovation of the property located at _____ that has been approved for renovation mortgage.

The Owner(s) shall pay the Contractor the sum of \$ _____ for completion of the work including all sales tax due by law together with such increases or decreases in the contract price as may be approved in writing by the Lender. The work will begin within 30 days of loan closing with the Lender and will be completed no more than 180 days after closing, unless delayed beyond the Contractor's control. The General Provisions listed below are made a part of this Agreement. The contract documents consist of the architectural exhibits listed in the Renovation Loan Agreement between the Owner(s) and the Lender or as described below (or on an attached sheet):

1. Contract Documents: This Agreement includes all general provisions, special provisions, and architectural exhibits that were accepted by the lender. Work not covered by this agreement will not be required unless it is required by reasonable inference as being necessary to produce the intended result. By executing this Agreement, the contractor represents that he/she has visited the site and understands local conditions, including state and local building regulations and conditions under which the work is to be performed.

2. Owner: Unless otherwise provided for in the Agreement, the owner will secure and pay for necessary easements, exceptions from zoning requirements, or other actions which must precede the approval of a permit for this project. If owner fails to do so then the contract is void. If the contractor fails to correct defective work or persistently fails to carry out the work in accordance with the agreement or general provisions, the owner may order the contractor in writing to stop such work, or a part of the work, until the cause for the order has been eliminated.

3. Contractor: The contractor will supervise and direct the work and the work of all subcontractors. He/she will use the best skill and attention and will be solely responsible for all construction methods and materials and for coordinating all portions of the work. Unless otherwise specified in the Agreement, the contractor will provide for and/or pay for all labor, materials, equipment, tools, machinery, transportation, and other goods, facilities, and services necessary for the proper execution and completion of the work. The contractor will maintain order and discipline among employees and will not assign anyone unfit for the task. The contractor warrants to the owner that all materials and equipment incorporated are new and that all work will be of good quality and free of defects or faults. The contractor will pay all sales, use and other taxes related to the work and will secure and pay for building permits and/or other permits, fees, inspections and licenses necessary for the completion of the work unless otherwise specified in the Agreement. The contractor will indemnify and hold harmless the owner from and against all claims, damages, losses, expenses, legal fees or other costs arising or resulting from the contractor's performance of the work or provisions of this section. The contractor will comply with all rules, regulations, laws, ordinances and orders of any public authority or inspector bearing on the performance of the work. The contractor is responsible for, and indemnifies the Owner against, acts and omissions of employees, subcontractors and their employees, or others performing the work under this Agreement with the contractor. The contractor will provide shop drawings, samples, product data or other information provided for in this Agreement, where necessary.

- 1. Subcontractor:** Selected by the contractor, except that the contractor will not employ any subcontractor to whom the owner may have a reasonable objection, nor will the contractor be required by the owner to employ any subcontractor to whom the contractor has a reasonable objection.
- 2. Work By Owner or Other Contractor:** The owner reserves the right to perform work related to the project, but which is not a part of this Agreement, and to award separate contracts in connection with other portions of the project not detailed in this Agreement. All contractors and subcontractors will be afforded reasonable opportunity for the storage of materials and equipment by the owner and by each other. Any costs arising by defective or ill-timed work will be borne by the responsible party.
- 3. Binding Arbitration:** Claims or disputes relating to the Agreement or General Provisions will be resolved by the Construction Industry Arbitration Rules of the American Arbitration Association (AAA) unless both parties mutually agree to other methods. The notice of the demand for arbitration must be filed in writing with the other party to this Agreement and with the AAA and must be made in a reasonable time after the dispute has arisen. The award rendered by the arbitrator(s) will be considered final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.
- 4. Cleanup and Trash Removal:** The contractor will keep the owner's residence free from waste or rubbish resulting from the work. All waste, rubbish, tools, construction materials, and machinery will be removed promptly after completion of the work by the contractor.
- 5. Time:** With respect to the scheduled completion of the work, time is of the essence. If the contractor is delayed at anytime in the progress of the work by change orders, fire, labor disputes, acts of God or other causes beyond the contractor's control, the completion schedule for the work or affected parts of the work may be extended by the same amount of time caused by the delay. The contractor must begin work no later than 30 days after loan dosing and will not cease work for more than 30 consecutive days.
- 6. Payments and Completion:** Payments may be withheld because of. (1) defective work not remedied; (2) failure of contractor to make proper payments to subcontractors, workers, or suppliers; (3) persistent failure to carry out work in accordance with this Agreement or these general conditions, or (4) legal claims. Final payment will be due after complete release of any and all liens arising out of the contract or submission of receipts or other evidence of payment covering all subcontractors or suppliers who could file such a lien. The contractor agrees to indemnify the Owner against such liens and will refund all monies including costs and reasonable attorney's fees paid by the owner in discharging the liens. A 10 percent holdback is required by the lender to assure the work has been properly completed and there are no liens on the property.
- 7. Protection of Property and Persons:** The contractor is responsible for initiating, maintaining, and supervising all necessary or required safety programs. The contractor must comply with all applicable laws, regulations, ordinances, orders or laws of federal, state, county or local governments. The contractor will indemnify the owner for all property loss or damage to the owner caused by his/ her employees or his/her direct or sub-tier subcontractors.
- 8. Insurance:** The contractor will purchase and maintain such insurance necessary to protect from claims under workers compensation and from any damage to the owner(s) property resulting from the conduct of this contract.
- 9. Changes in the Contract:** The owner may order changes, additions or modifications without invalidating the contract. Such changes must be in writing and signed by the owner and accepted by the lender. Not all change order requests may be accepted by the lender, therefore, the contractor proceeds at his/her own risk if work is completed without an accepted change order.
- 10. Correction of Deficiencies:** The contractor must correct promptly any work of his/her own or his/her subcontractors found to be defective or not complying with the terms of the contract.
- 11. Warranty:** The contractor will provide a one-year warranty on all labor and materials used in the rehabilitation of the property. This warranty must extend one year from the date of completion of the contract or longer if prescribed by law unless otherwise specified by other terms of this contract. Disputes will be resolved through the Construction Industry Arbitration Rules of the American Arbitration Association.
- 12. Termination:** If the owner fails to make a payment under the terms of this Agreement, through no fault of the contractor, the contractor may, upon ten working days written notice to the owner, and if not satisfied, terminate this Agreement. The owner will be responsible for paying the contractor for all work completed. If the contractor fails or neglects to carry out the terms of the contract, the owner, after ten working days written notice to the contractor, may terminate this Agreement.

 Owner(s) Signature and Date

 Contractor's Signature and Date

 Owner(s) Signature and Date

FANNIE MAE HOMESTYLE RENOVATION LOAN AGREEMENT

THIS RENOVATION LOAN AGREEMENT (“Loan Agreement”) dated // _____
is made by and between: Lisa Beth Valanzola,
 (“Borrower”, “I”, “me” or “my”), and FBC Mortgage, LLC,
 a Limited Liability Corporation having a principal place of business at
 (“Lender”). _____

1. ABOUT THIS LOAN AGREEMENT

1.1. Certain Terms of This Loan Agreement. The terms of this Loan Agreement preceded by a “” are part of this Loan Agreement only if the box is checked.

Lender’s Loan to Me. I have signed a Promissory Note payable to Lender (“Note”). The Note is for the loan by Lender to me in the principal amount of \$ 486,076.00 (“Loan”). I acknowledge that \$ 320,159.17 (“Renovation Amount”) of the principal amount of the Loan will be held by Lender in an escrow account (“Renovation Escrow Account”). This Renovation Escrow Account shall only be used to fund the renovations designated on the Scope of Renovation Work attached as Exhibit “A” (a portion of the renovation work or all of the renovation work, as the context requires, “Work”) or otherwise in accordance with this Loan Agreement. The purpose of the Loan is to purchase the real property described in Exhibit “B” to this Loan Agreement (“Property”) and to pay for renovations (“Improvements”) on the Property.

“Property” includes the Improvements. I also have executed a Mortgage, Deed of Trust, or other security instrument (“Security Instrument”) granting Lender a first priority lien on the Property. In this Loan Agreement, “Loan Documents” means the Note, the Security Instrument, this Loan Agreement, and all other documents executed in connection with the Loan. All terms defined in the Note and the Security Instrument shall have the same meaning in this Loan Agreement.

2. MY AGREEMENTS

2.1. The Work.

2.1.1. My Contractor. I will enter into a written agreement with each contractor (each a “Contractor”, and collectively, “Contractors”) who will be performing some or all of the Work (individually, a “Contract” and collectively, “Contracts”). Each Contract will include (i) the total amount that I will pay each Contractor for the Work, (ii) a written description and itemization of the Work, (iii) the timeframe needed to complete the Work, and (iv) agreement by the Contractor that the Work will be completed within three (3) months of the closing of the Loan. I will give Lender a copy of all Contracts for the Work. All Contracts will be attached to Exhibit “A” (Scope of Renovation Work). There are no other Contractors or Contracts for the Work other than those identified on Exhibit “A”. I will hire only Contractors that are reputable, experienced, licensed by the applicable governmental authority, bonded, and appropriately insured.

2.1.2. Permits. I will get, and keep in force, all approvals for the Work (each, a “Permit”) that are required by any federal, state, county, or local government

agency (each, a “Government Authority”), if any. I will comply with all applicable laws of any Government Authority (“Government Regulations”). I will get from each Contractor and give Lender copies of all licenses and Permits, if any, required by Government Authorities.

2.1.3. Change Orders. Any change in the price for any of the Work must be in a written agreement signed by me and the applicable Contractor and approved by Lender (“Change Order”).

2.1.4. Completing the Work. The Work will begin promptly after I sign the Loan Documents. The Work will continue diligently and in a good and workmanlike manner in strict accordance with the Contracts and all Government Regulations. The Work will not violate any of the conditions, covenants or restrictions on the Property.

I will notify Lender immediately in writing if (i) I think that the Work does not comply with the applicable Contract or this Loan Agreement; (ii) any notice of lien on the Property is served on me or any Contractor; or (iii) any Government Authority issues any notice or claim relating to the Property.

I promise the Work will be completed on or before three (3) months after the closing of the Loan (“Completion Date”). Lender will accept the Work as completed when all of the conditions in Section 2.4.3 of this Loan Agreement are satisfied.

Inspections. Lender has the right to enter the Property to inspect the Work, without notice to me, during normal business hours, or any other times that Lender arranges with me. I will pay for all inspections performed at the request of Lender or any Government Authority. Each inspection will cost

\$ _____.

Lender inspections are for Lender’s benefit only. Lender’s inspections create no liability or responsibility to me, any Contractor, or any third parties.

2.1.5. I Am Responsible for the Work. I have full and sole responsibility to make sure that the Work complies with Exhibit “A” and all Government Regulations. Lender has no liability, obligation or responsibility for the Work. Lender is not liable for any failure to construct, complete, protect, or insure the Work. Lender is not liable for any costs of the Work. Nothing Lender does (including inspecting the Work or making an advance) will be a representation or warranty by Lender that the Work complies with any Contract, this Loan Agreement, the Permits or any Government Regulations. If Lender asks, I will repair or replace at my expense any Work that does not comply with Exhibit “A”. I have no right to assert or claim any offset, counterclaim or defense against Lender because of any claim I may have against Contractor or any suppliers of materials for the Work.

2.2. Costs and Expenses. I will pay all costs and expenses required to satisfy the conditions of this Loan Agreement, including any Change Orders.

2.3. Title, Hazard and Flood Insurance. At closing of the Loan, I will get and keep in force a mortgagee’s or lender’s policy of title insurance, as specified by, and acceptable to, Lender (“Title Policy”). When the Work is completed, Lender will obtain, at my cost and expense, endorsements to the Title Policy insuring Lender, its successors and assigns, for the full amount of the mortgage loan as a first lien and against any mechanics’ liens that

could arise out of or relate to the Work. I will also obtain, at my expense, any increase in hazard or flood insurance coverage necessary to reflect the as-completed value of the property, as requested by Lender.

2.4. The Loan.

Administration. Lender shall place the Renovation Amount in escrow, in a federally insured interest bearing account, to be disbursed by Lender, in accordance with this Loan Agreement. All disbursements made by the Lender from the Renovation Escrow Account shall be made by two-party check to me and the applicable Contractor.

2.4.1. The Escrow Account. All interest on the Renovation Escrow Account will be paid or credited to me.

2.4.2. Advances; Conditions To Advances. Each of the promises I make in this Loan Agreement shall be considered made again as of the time (i) Lender receives any request from me and Contractor for an Advance (“Request for Advance”); or (ii) I endorse any Loan Proceeds check to Contractor. Advances will be made as shown, but only if all the following conditions are satisfied:

2.4.2.1. Work Completed. The Work for which an Advance is requested has been completed in a good and workmanlike manner, and complies with Exhibit “A”, the applicable Contract, the Permits, and all Government Regulations.

2.4.2.2. No Defaults. I am not in default under any of the Loan Documents or any of the Contracts. I have complied completely with all of my promises about the Work (including the promises in Section 2.1.4 of this Loan Agreement).

2.4.2.3. Request for Advance. Contractor will deliver to Lender (i) a Request for Advance, in the form set forth in Exhibit “C,” properly completed, and signed by me and Contractor; (ii) the invoices for the Work; (iii) unconditional construction lien waivers from Contractor and from all suppliers of materials for all Work covered by the Request for Advance; and (iv) all other required information described in the Request for Advance. Lender may rely on my statements and each Contractor’s statements in the Request for Advance and on the invoices and lien waivers submitted by Contractor. Lender does not have to verify any of that information. The funds obtained with the Request for Advance will be used to pay for the Work described in the Request for Advance.

2.4.2.4. Renovation Amount. The Renovation Amount remaining after each Advance will be enough to complete all the Work.

2.4.3. Completion of Improvements. The Work will be completed as required by this Loan Agreement. Lender will obtain, at my cost and expense, (i) a title endorsement insuring Lender for a first lien position on the full amount of the Loan and against any mechanics’ liens that could arise out of or relate to the Work; and (ii) the final inspection report.

I will deliver to Lender a completion certificate signed by me and Contractor, and evidence of hazard and other insurance coverage equal to the as-completed value of my home.

If applicable, I will deliver to Lender the final, unconditional certificate of occupancy issued by the Government Authority within one (1) month after the Completion Date.

3. DEFAULT AND REMEDIES

3.1. Events of Default. I will be in default under this Loan Agreement and the other Loan Documents if any of the following events (“Events of Default”) occurs:

3.1.1. Nonpayment. I fail to make any payment due under any Loan Document.

3.1.2. Other Broken Promises. I fail to keep any promise in this Loan Agreement or any other Loan Document.

3.1.3. False Statements. Any statement of fact, representation or warranty I make to Lender in my loan application, this Loan Agreement or in any other Loan Document is false, inaccurate, or incomplete.

3.2. Lender’s Rights and Remedies. Subject to my right to notice of default and right to cure the default(s), to the extent required by law, if an Event of Default occurs, Lender has the following rights and remedies (“Rights and Remedies”):

3.2.1. Declare a Default. Lender may declare any or all Loan Documents in default and pursue any rights or remedies created by such Loan Documents and/or existing at law or in equity.

3.2.2. Finish the Construction and Protect the Property. Lender may take possession of the Property. Lender may do every act and thing I or any subsequent owner of the Property might or could do for the protection, construction, repair, operation, maintenance and leasing of the Property.

I authorize Lender, as my attorney-in-fact, to exercise any right I may have in or under any Contract or any Permit. I irrevocably authorize and direct each party to any Permits and Contracts to provide Lender the benefits of the Permits and the Contracts upon Lender’s written notice. I agree that any such party shall have the right to rely upon any written notice from Lender without any obligation or right to inquire as to whether an Event of Default actually exists and notwithstanding any notice from me or claim by me to the contrary. I will have no right or claim against any such party for any benefit provided to Lender by such party. If I cure the Event of Default, or if Lender reinstates the Loan in good standing, Lender will give written notice of reinstatement to each such party and authorize each such party to render such benefits to me.

3.2.3. Take the Escrow Account. Lender may take any funds in the Renovation Escrow Account, if any, to apply to any amounts I owe under the Loan Documents.

3.2.4. Indemnity. I will indemnify and hold Lender and Lender’s affiliates, and the officers, directors, employees and agents of Lender and its affiliates and any purchaser or subsequent holder of the Note (collectively, “Indemnified Parties”), harmless from any liability, claim, loss, cost, legal expenses (including suits, claims, proceedings, damages, and costs arising from or relating to any third-party claim), incurred by or alleged against any of the Indemnified Parties arising from or related to (i) the Property, (ii) the Work, or (iii) my default under the Loan Documents.

3.2.5. Lender’s Fees, Costs, and Expenses. I shall promptly pay to Lender all attorney’s fees, costs, and other expenses paid or incurred by Lender in enforcing

or exercising Lender's Rights and Remedies. Interest will accrue on these amounts at the rate in the Note from the date the expense is incurred. The expense plus interest will be secured by Lender's Security Instrument.

3.2.6. Remedies Cumulative. Lender may (but is not required to) exercise any or all of its Rights and Remedies. All of Lender's Rights and Remedies contained in this Loan Agreement are cumulative and are in addition to any other Rights and Remedies created in any other Loan Document or existing at law or in equity.

4. GENERAL

- 4.1. My Cooperation.** I will, at my own cost and expense, sign any other instruments or documents, and supply any information and data that Lender considers necessary to accomplish the purposes of this Loan Agreement. If, in Lender's opinion, a material modification of the terms of this Loan Agreement is required, or occurs, I will execute an appropriate Renovation Loan Modification Agreement. All documents delivered to Lender by me shall become Lender's property.
- 4.2. No Waivers.** Lender may choose to delay enforcing any of Lender's rights or waive any of Lender's rights under this Loan Agreement. Lender may delay enforcing or waive any of Lender's rights without affecting Lender's other rights. If Lender waives a right, Lender can still enforce the same right later.
- 4.3. Entire Agreement.** This Loan Agreement and the other Loan Documents are the entire understanding between Lender and me about the Loan, the Improvements, and the Work, and may not be modified, amended, or terminated except by written agreement signed by Lender and me.
- 4.4. Binding Agreement; Assignment.** This Loan Agreement is for the benefit of Lender and Lender's successors and assigns, and binds me, my heirs, executors, administrators, successors and assigns. I may not assign this Loan Agreement without Lender's prior written consent, which Lender may withhold in Lender's sole discretion.
- 4.5. Survival of Representations.** Any promise I make shall survive the termination of this Loan Agreement and the repayment of the Loan.
- 4.6. Joint and Several Liability.** Each person executing this Loan Agreement as a Borrower has joint and several liability.
- 4.7. Notices.** Any communication required by this Loan Agreement shall be in writing and addressed to the addressee at the address indicated on the first page of this Loan Agreement.
- 4.8. No Third Party Beneficiary.** This Loan Agreement is for the sole benefit of Lender and me, and is not for the benefit of anyone else. All conditions to Lender's obligation to make any Advance are solely for Lender's benefit. No other person or entity shall have standing to require satisfaction of those conditions or be deemed to be the beneficiary of those conditions.
- 4.9. Governing Law.** This Loan Agreement is entered into in the state where the Property is located (the "State") and shall be controlled and interpreted by the laws of the United States and the State.

Loan Number #: //

Notary Printed Name _____
Notary Public; State of _____
Qualified in the County of _____
My commission expires: _____

Official Seal:

EXHIBIT A

SEE ATTACHED BID/PROPOSAL AND SPECIFICATIONS OF REPAIRS, IF APPLICABLE

**EXHIBIT B
LEGAL DESCRIPTION OF PROPERTY**

**EXHIBIT C
REQUEST FOR ADVANCE**

TO: _____
(Lender)

RE:
Borrower, Property & Contractor Information:
Renovation Escrow Account Disbursement Information:

Borrower's Name			Date of Loan	Advance # ____ (the "Advance")
Account Number			Original Amount in Renovation Escrow Account	\$
Property Address			Balance in Renovation Escrow Account	\$
City	State	Zip	Amount of this Request for Advance	\$
Renovation Loan Agreement Dated: Contractor(s):			Less: Holdback	\$
			Net Amount of This Request for Advance	\$
			Amount Remaining in Renovation Escrow Account after this Request for Advance	\$
			Total of Amounts Advanced after this Request for Advance	\$
			Total Holdbacks to Date	\$

By signing below, Borrower and Contractor represent and agree that:

- (i) The Work for which this Request for Advance is made has been duly completed in a good and workmanlike manner, in accordance with the Scope of Renovation Work, the applicable Contract(s) and in compliance with all Governmental Regulations;
- (ii) Lender has received invoices, and unconditional construction lien releases from the applicable Contractor(s), and each supplier of materials for all Work covered by this Request for Advance, and for all Requests for Advance previously submitted;
- (iii) The funds obtained with the Request for Advance will be used to pay in full the costs of labor performed or materials supplied as requested in this Request for Advance;
- (iv) The Renovation Amount remaining will be sufficient to complete all the Work contemplated by the Loan Agreement;
- (v) There are no defaults under the terms of the Loan Agreement, any other Loan Document, or under the Contract;
- (vi) The Improvements do not violate any of the conditions, covenants or restrictions on the Property;

By signing below Borrower and Contractor request Lender to pay the following payee(s) in the following amount(s):

_____ in the amount of \$ _____
 _____ in the amount of \$ _____
 _____ in the amount of \$ _____
 _____ in the amount of \$ _____
 _____ in the amount of \$ _____
 _____ in the amount of \$ _____

Contractor

By: _____
Authorized Signature

Date

Its: _____
Title

Borrower's Signature

Date

By signing below the authorized [LENDER] representative named below approves the disbursement requested in this Request for Advance but, to the extent permitted by applicable law, makes no warranty or representation as to the quality of work completed and/or materials delivered thus far.

[LENDER] ("Lender")

By: _____
Authorized Representative

Date

REHABILITATION LOAN RIDER

THIS REHABILITATION LOAN RIDER is made _____ and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note ("Note") to _____ ("Lender") of the same date and covering the property described in the Security Instrument and located at:

(Property Address)

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

- A. Loan proceeds are to be advanced for the rehabilitation of the premises in accordance with the Rehabilitation Loan Agreement dated _____ between the borrower and lender. This agreement is incorporated by reference and made a part of this Security Instrument. No advances shall be made unless approved by an authorized representative of the Lender.
- B. If the rehabilitation is not properly completed, performed with reasonable diligence, or is discontinued at any time except for strikes or lockouts, the lender is vested with full authority to take the necessary steps to protect the rehabilitation improvements and the property from harm, continue existing contracts or enter into necessary contracts to complete the rehabilitation. All sums expended for such protection, exclusive of the advances of the principal indebtedness, shall be added to the principal indebtedness, and be secured by the Security Instrument and be due and payable on demand with interest as set out in the Note. Additionally the Lender will be granted security interest in any personal property (including building materials) located in, or on, or used, or intended to be used in connection with the work.
- C. If the borrower fails to make any payment or to perform any other obligation under the loan, including the commencement, progress and completion provisions of the Rehabilitation Loan Agreement, and such failure continues for a period of 30 days, the loan shall, at the option of the lender, be in default.
- D. The Property covered by this Security Instrument shall include all of Borrower's interest in funds held by Lender in escrow under the Rehabilitation Loan Agreement.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Rehabilitation Loan Rider.

(Seal)

(Seal)

210111D

Loan #:

FANNIE MAE HOMESTYLE RENOVATION LOAN AGREEMENT

THIS RENOVATION LOAN AGREEMENT (“Loan Agreement”) dated _____, _____,
is made by and between: _____,
 (“Borrower”, “I”, “me” or “my”), and _____,
a _____ having a principal place of business
at _____ (“Lender”).

1. ABOUT THIS LOAN AGREEMENT

- 1.1. Certain Terms of This Loan Agreement.** The terms of this Loan Agreement preceded by a “□” are part of this Loan Agreement only if the box is checked.

Lender’s Loan to Me. I have signed a Promissory Note payable to Lender (“Note”). The Note is for the loan by Lender to me in the principal amount of \$_____ (“Loan”). I acknowledge that \$_____ (“Renovation Amount”) of the principal amount of the Loan will be held by Lender in an escrow account (“Renovation Escrow Account”). This Renovation Escrow Account shall only be used to fund the renovations designated on the Scope of Renovation Work attached as Exhibit “A” (a portion of the renovation work or all of the renovation work, as the context requires, “Work”) or otherwise in accordance with this Loan Agreement. The purpose of the Loan is to purchase the real property described in Exhibit “B” to this Loan Agreement (“Property”) and to pay for renovations (“Improvements”) on the Property.

“Property” includes the Improvements. I also have executed a Mortgage, Deed of Trust, or other security instrument (“Security Instrument”) granting Lender a first priority lien on the Property. In this Loan Agreement, “Loan Documents” means the Note, the Security Instrument, this Loan Agreement, and all other documents executed in connection with the Loan. All terms defined in the Note and the Security Instrument shall have the same meaning in this Loan Agreement.

2. MY AGREEMENTS

2.1. The Work.

2.1.1. My Contractor. I will enter into a written agreement with each contractor (each a “Contractor”, and collectively, “Contractors”) who will be performing some or all of the Work (individually, a “Contract” and collectively, “Contracts”). Each Contract will include (i) the total amount that I will pay each Contractor for the Work, (ii) a written description and itemization of the Work, (iii) the timeframe needed to complete the Work, and (iv) agreement by the Contractor that the Work will be completed within three (3) months of the closing of the Loan. I will give Lender a copy of all Contracts for the Work. All Contracts will be attached to Exhibit “A” (Scope of Renovation Work). There are no other Contractors or Contracts for the Work other than those identified on Exhibit “A”. I will hire only Contractors that are reputable, experienced, licensed by the applicable governmental authority, bonded, and appropriately insured.

2.1.2. Permits. I will get, and keep in force, all approvals for the Work (each, a “Permit”) that are required by any federal, state, county, or local government

agency (each, a “Government Authority”), if any. I will comply with all applicable laws of any Government Authority (“Government Regulations”). I will get from each Contractor and give Lender copies of all licenses and Permits, if any, required by Government Authorities.

- 2.1.3. Change Orders.** Any change in the price for any of the Work must be in a written agreement signed by me and the applicable Contractor and approved by Lender (“Change Order”).
- 2.1.4. Completing the Work.** The Work will begin promptly after I sign the Loan Documents. The Work will continue diligently and in a good and workmanlike manner in strict accordance with the Contracts and all Government Regulations. The Work will not violate any of the conditions, covenants or restrictions on the Property.

I will notify Lender immediately in writing if (i) I think that the Work does not comply with the applicable Contract or this Loan Agreement; (ii) any notice of lien on the Property is served on me or any Contractor; or (iii) any Government Authority issues any notice or claim relating to the Property.

I promise the Work will be completed on or before three (3) months after the closing of the Loan (“Completion Date”). Lender will accept the Work as completed when all of the conditions in Section 2.4.3 of this Loan Agreement are satisfied.

- 2.1.5. Inspections.** Lender has the right to enter the Property to inspect the Work, without notice to me, during normal business hours, or any other times that Lender arranges with me. I will pay for all inspections performed at the request of Lender or any Government Authority. Each inspection will cost \$ _____.

Lender inspections are for Lender’s benefit only. Lender’s inspections create no liability or responsibility to me, any Contractor, or any third parties.

- 2.1.6. I Am Responsible for the Work.** I have full and sole responsibility to make sure that the Work complies with Exhibit “A” and all Government Regulations. Lender has no liability, obligation or responsibility for the Work. Lender is not liable for any failure to construct, complete, protect, or insure the Work. Lender is not liable for any costs of the Work. Nothing Lender does (including inspecting the Work or making an advance) will be a representation or warranty by Lender that the Work complies with any Contract, this Loan Agreement, the Permits or any Government Regulations. If Lender asks, I will repair or replace at my expense any Work that does not comply with Exhibit “A”. I have no right to assert or claim any offset, counterclaim or defense against Lender because of any claim I may have against Contractor or any suppliers of materials for the Work.

- 2.2. Costs and Expenses.** I will pay all costs and expenses required to satisfy the conditions of this Loan Agreement, including any Change Orders.
- 2.3. Title, Hazard and Flood Insurance.** At closing of the Loan, I will get and keep in force a mortgagee’s or lender’s policy of title insurance, as specified by, and acceptable to, Lender (“Title Policy”). When the Work is completed, Lender will obtain, at my cost and expense, endorsements to the Title Policy insuring Lender, its successors and assigns, for the full amount of the mortgage loan as a first lien and against any mechanics’ liens that could arise out of or relate to the Work. I will also obtain, at my expense, any increase in

hazard or flood insurance coverage necessary to reflect the as-completed value of the property, as requested by Lender.

2.4. The Loan.

Administration. Lender shall place the Renovation Amount in escrow, in a federally insured interest bearing account, to be disbursed by Lender, in accordance with this Loan Agreement. All disbursements made by the Lender from the Renovation Escrow Account shall be made by two-party check to me and the applicable Contractor.

2.4.1. The Escrow Account. All interest on the Renovation Escrow Account will be paid or credited to me.

2.4.2. Advances; Conditions To Advances. Each of the promises I make in this Loan Agreement shall be considered made again as of the time (i) Lender receives any request from me and Contractor for an Advance (“Request for Advance”); or (ii) I endorse any Loan Proceeds check to Contractor. Advances will be made as shown, but only if all the following conditions are satisfied:

2.4.2.1. Work Completed. The Work for which an Advance is requested has been completed in a good and workmanlike manner, and complies with Exhibit “A”, the applicable Contract, the Permits, and all Government Regulations.

2.4.2.2. No Defaults. I am not in default under any of the Loan Documents or any of the Contracts. I have complied completely with all of my promises about the Work (including the promises in Section 2.1.4 of this Loan Agreement).

2.4.2.3. Request for Advance. Contractor will deliver to Lender (i) a Request for Advance, in the form set forth in Exhibit “C,” properly completed, and signed by me and Contractor; (ii) the invoices for the Work; (iii) unconditional construction lien waivers from Contractor and from all suppliers of materials for all Work covered by the Request for Advance; and (iv) all other required information described in the Request for Advance. Lender may rely on my statements and each Contractor’s statements in the Request for Advance and on the invoices and lien waivers submitted by Contractor. Lender does not have to verify any of that information. The funds obtained with the Request for Advance will be used to pay for the Work described in the Request for Advance.

2.4.2.4. Renovation Amount. The Renovation Amount remaining after each Advance will be enough to complete all the Work.

2.4.3. Completion of Improvements. The Work will be completed as required by this Loan Agreement. Lender will obtain, at my cost and expense, (i) a title endorsement insuring Lender for a first lien position on the full amount of the Loan and against any mechanics’ liens that could arise out of or relate to the Work; and (ii) the final inspection report.

I will deliver to Lender a completion certificate signed by me and Contractor, and evidence of hazard and other insurance coverage equal to the as-completed value of my home.

If applicable, I will deliver to Lender the final, unconditional certificate of occupancy issued by the Government Authority within one (1) month after the Completion Date.

3. DEFAULT AND REMEDIES

3.1. Events of Default. I will be in default under this Loan Agreement and the other Loan Documents if any of the following events (“Events of Default”) occurs:

3.1.1. Nonpayment. I fail to make any payment due under any Loan Document.

3.1.2. Other Broken Promises. I fail to keep any promise in this Loan Agreement or any other Loan Document.

3.1.3. False Statements. Any statement of fact, representation or warranty I make to Lender in my loan application, this Loan Agreement or in any other Loan Document is false, inaccurate, or incomplete.

3.2. Lender’s Rights and Remedies. Subject to my right to notice of default and right to cure the default(s), to the extent required by law, if an Event of Default occurs, Lender has the following rights and remedies (“Rights and Remedies”):

3.2.1. Declare a Default. Lender may declare any or all Loan Documents in default and pursue any rights or remedies created by such Loan Documents and/or existing at law or in equity.

3.2.2. Finish the Construction and Protect the Property. Lender may take possession of the Property. Lender may do every act and thing I or any subsequent owner of the Property might or could do for the protection, construction, repair, operation, maintenance and leasing of the Property.

I authorize Lender, as my attorney-in-fact, to exercise any right I may have in or under any Contract or any Permit. I irrevocably authorize and direct each party to any Permits and Contracts to provide Lender the benefits of the Permits and the Contracts upon Lender’s written notice. I agree that any such party shall have the right to rely upon any written notice from Lender without any obligation or right to inquire as to whether an Event of Default actually exists and notwithstanding any notice from me or claim by me to the contrary. I will have no right or claim against any such party for any benefit provided to Lender by such party. If I cure the Event of Default, or if Lender reinstates the Loan in good standing, Lender will give written notice of reinstatement to each such party and authorize each such party to render such benefits to me.

3.2.3. Take the Escrow Account. Lender may take any funds in the Renovation Escrow Account, if any, to apply to any amounts I owe under the Loan Documents.

3.2.4. Indemnity. I will indemnify and hold Lender and Lender’s affiliates, and the officers, directors, employees and agents of Lender and its affiliates and any purchaser or subsequent holder of the Note (collectively, “Indemnified Parties”), harmless from any liability, claim, loss, cost, legal expenses (including suits, claims, proceedings, damages, and costs arising from or relating to any third-party claim), incurred by or alleged against any of the Indemnified Parties arising from or related to (i) the Property, (ii) the Work, or (iii) my default under the Loan Documents.

3.2.5. Lender’s Fees, Costs, and Expenses. I shall promptly pay to Lender all attorney’s fees, costs, and other expenses paid or incurred by Lender in enforcing

or exercising Lender's Rights and Remedies. Interest will accrue on these amounts at the rate in the Note from the date the expense is incurred. The expense plus interest will be secured by Lender's Security Instrument.

3.2.6. Remedies Cumulative. Lender may (but is not required to) exercise any or all of its Rights and Remedies. All of Lender's Rights and Remedies contained in this Loan Agreement are cumulative and are in addition to any other Rights and Remedies created in any other Loan Document or existing at law or in equity.

4. GENERAL

- 4.1. My Cooperation.** I will, at my own cost and expense, sign any other instruments or documents, and supply any information and data that Lender considers necessary to accomplish the purposes of this Loan Agreement. If, in Lender's opinion, a material modification of the terms of this Loan Agreement is required, or occurs, I will execute an appropriate Renovation Loan Modification Agreement. All documents delivered to Lender by me shall become Lender's property.
- 4.2. No Waivers.** Lender may choose to delay enforcing any of Lender's rights or waive any of Lender's rights under this Loan Agreement. Lender may delay enforcing or waive any of Lender's rights without affecting Lender's other rights. If Lender waives a right, Lender can still enforce the same right later.
- 4.3. Entire Agreement.** This Loan Agreement and the other Loan Documents are the entire understanding between Lender and me about the Loan, the Improvements, and the Work, and may not be modified, amended, or terminated except by written agreement signed by Lender and me.
- 4.4. Binding Agreement; Assignment.** This Loan Agreement is for the benefit of Lender and Lender's successors and assigns, and binds me, my heirs, executors, administrators, successors and assigns. I may not assign this Loan Agreement without Lender's prior written consent, which Lender may withhold in Lender's sole discretion.
- 4.5. Survival of Representations.** Any promise I make shall survive the termination of this Loan Agreement and the repayment of the Loan.
- 4.6. Joint and Several Liability.** Each person executing this Loan Agreement as a Borrower has joint and several liability.
- 4.7. Notices.** Any communication required by this Loan Agreement shall be in writing and addressed to the addressee at the address indicated on the first page of this Loan Agreement.
- 4.8. No Third Party Beneficiary.** This Loan Agreement is for the sole benefit of Lender and me, and is not for the benefit of anyone else. All conditions to Lender's obligation to make any Advance are solely for Lender's benefit. No other person or entity shall have standing to require satisfaction of those conditions or be deemed to be the beneficiary of those conditions.
- 4.9. Governing Law.** This Loan Agreement is entered into in the state where the Property is located (the "State") and shall be controlled and interpreted by the laws of the United States and the State.
- 4.10. Exhibits.** The following exhibits are attached to and a part of this Loan Agreement.

Exhibit "A" - Scope of Renovation Work and Contracts

Exhibit “B” - Description of the Property
Exhibit “C” - Request for Advance

IN WITNESS WHEREOF, Borrower and Lender have executed this Loan Agreement as of the date first set forth on page one.

LENDER:

[LENDER] _____ BY: _____

NAME: _____ ITS: _____

(SEAL)

Borrower #1

Printed Name

Witness

(SEAL)

Borrower #2

Printed Name

Witness

(SEAL)

Borrower #3

Printed Name

Witness

(SEAL)

Borrower #4

Printed Name

Witness

STATE OF _____)

) ss.:

COUNTY OF _____)

On this _____ day of _____, _____, before me the subscriber personally appeared _____ (and) _____ to me known and known to me to be the same person(s) described in and who executed the foregoing instrument, and (s)he/they duly (jointly and severally) acknowledged to me that (s)he/they executed the same.

Notary Signature

Notary Printed Name

Notary Public; State of _____

Qualified in the County of _____

My commission expires: _____

Official Seal:

EXHIBIT A
SCOPE OF RENOVATION WORK AND CONTRACTS

EXHIBIT B
LEGAL DESCRIPTION OF PROPERTY

EXHIBIT C
REQUEST FOR ADVANCE

TO: _____
(Lender)

RE:

Borrower, Property & Contractor Information:

Renovation Escrow Account Disbursement Information:

Borrower's Name			Date of Loan	Advance # ____ (the "Advance")
Account Number			Original Amount in Renovation Escrow Account	\$
Property Address			Balance in Renovation Escrow Account	\$
City	State	Zip	Amount of this Request for Advance	\$
Renovation Loan Agreement Dated: Contractor(s):			Less: Holdback	\$
			Net Amount of This Request for Advance	\$
			Amount Remaining in Renovation Escrow Account after this Request for Advance	\$
			Total of Amounts Advanced after this Request for Advance	\$
			Total Holdbacks to Date	\$

By signing below, Borrower and Contractor represent and agree that:

- (i) The Work for which this Request for Advance is made has been duly completed in a good and workmanlike manner, in accordance with the Scope of Renovation Work, the applicable Contract(s) and in compliance with all Governmental Regulations;
- (ii) Lender has received invoices, and unconditional construction lien releases from the applicable Contractor(s), and each supplier of materials for all Work covered by this Request for Advance, and for all Requests for Advance previously submitted;
- (iii) The funds obtained with the Request for Advance will be used to pay in full the costs of labor performed or materials supplied as requested in this Request for Advance;

- (iv) The Renovation Amount remaining will be sufficient to complete all the Work contemplated by the Loan Agreement;
- (v) There are no defaults under the terms of the Loan Agreement, any other Loan Document, or under the Contract;
- (vi) The Improvements do not violate any of the conditions, covenants or restrictions on the Property;

By signing below Borrower and Contractor request Lender to pay the following payee(s) in the following amount(s):

_____ in the amount of \$ _____

_____ in the amount of \$ _____

_____ in the amount of \$ _____

_____ in the amount of \$ _____

_____ in the amount of \$ _____

_____ in the amount of \$ _____

Contractor

By: _____
Authorized Signature

Date

Its: _____
Title

Borrower's Signature

Date

By signing below the authorized [LENDER] representative named below approves the disbursement requested in this Request for Advance but, to the extent permitted by applicable law, makes no warranty or representation as to the quality of work completed and/or materials delivered thus far.

[LENDER] ("Lender")

By: _____
Authorized Representative

Date