

## Equity Bank

### Make it Fab and Rehab Consumer Disclosure

**Please review the items listed below regarding the Equity Bank Make it Fab and Rehab Mortgage and home improvement projects.**

- For the Make it Fab and Rehab Mortgage, your mortgage loan product will be either a 5/1 ARM or 3/1 ARM. Please review the appropriate ARM disclosure(s) provided to you at application to choose the correct mortgage product to suite your needs.
- The maximum loan amount for Make it Fab and Rehab Mortgage is \$417,000.
- The maximum home improvement project is 20% of the purchase price of the home with a maximum amount of \$80,000.
- Make it Fab and Rehab Mortgage loan is limited to a maximum loan to value of 90% and requires a 10% down payment off of the value which includes the completed home improvement determined by the appraiser. For example, if the home in its current condition is appraised at \$100,000 but after the planned home improvements would be worth \$120,000 your required down payment would be \$12,000.
- Your mortgage loan will require mortgage insurance if total loan to value after home improvements is greater than 80%.
- Time period for home improvements should be no longer than 90 days without prior Equity Bank approval.
- Equity Bank does not warrant or guarantee the condition of the property being purchased or the home improvement.
- For the Make it Fab and Rehab Mortgage, you do not receive any cash at the loan closing. The funds provided for home improvements are placed in an escrow account (Home Improvement Escrow Account).
- Equity Bank will require a contingency reserve be placed in the Home Improvement Escrow Account to cover unforeseen repairs or deficiencies during the renovation. The contingency reserve will be 10% of the estimated home improvement cost listed on the contractor's Construction Contract. If funds remain after the home improvement is complete, they will be applied to reduce the principal balance on the mortgage.
- You will receive monthly statements on the Home Improvement Escrow Account so you can monitor the balance in the escrow account as well as the funds that have been disbursed.
- When selecting a contractor, the contractor must be licensed, insured and approved by Equity Bank. At your request, Equity Bank can provide you with a list of contractors you may choose from or provide you with a Contractor Profile form to assist in your review of a specific contractor.
- You must provide Equity Bank with a fully executed Construction Contract stating agreed upon price for home improvements along with an estimated time frame for completion. The contract must state if you are able to reside in the home during the home improvement process.
- You are responsible for negotiating any agreements or warranties with the contractor. Equity Bank does not provide any warranty on the contractor's work.
- You are responsible for overseeing the home improvement work 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 your Equity Bank Mortgage Lender.
- You are responsible for making the mortgage payment each month, even if the home improvements are not satisfactorily completed.
- Funds for the home improvements are paid on a monthly schedule. Funds are released to the contractor after an inspection of each phase of the renovation by you and Equity Bank. The funds are provided in a check made payable to the contractor. You request these payments on a draw request form submitted to Equity Bank.
- Do not approve funds to be released to the contractor if you are not happy with the work. Do not accept unsatisfactory work.
- Do not pay the contractor "up front" out of your own funds before the home improvement is satisfactorily completed.
- Equity Bank may withhold some of the funds from each draw request. These funds are paid to the contractor when the work is completed. This helps to protect you from a contractor failing to complete the home improvements.
- If you would like to revise the original approved home improvement, you must submit a Change Order Request to Equity Bank for approval and deposit any additional funds, including a 10% contingency reserve, in the Home Improvement Escrow Account.
- When the home improvements are completed, you and the contractor sign a Completion Certificate. Equity Bank should provide you an accounting for all distributions of funds in the Home Improvement Escrow Account.
- Equity Bank may require a recertification of value by an appraiser or a final inspection by an outside company when home improvements are complete.