

[See SAMPLE BID on last page below]

CONTRACTOR BID GUIDELINES...

1. All contractors managing the project for our borrower must be licensed under state and/or local laws. The project they are proposing must be within the limits of licensing requirements.
2. The bid must be on GC's letterhead or similar; include their license number; main contact name, phone and email.
3. The bid must be broken down by line item and include ADEQUATE NARRATIVE DESCRIBING WORK BEING PERFORMED IN AS MUCH DETAIL AS IS REASONABLE. Too little is not acceptable...there can never be too much detail.
 - a. DO: See SAMPLE BID.
 - b. DON'T: Renovate kitchen - \$30,000. This does not tell the story of the renovation, and what is being changed/upgraded.
4. DO NOT insert terms of payment on the contractor's bid. The lenders method of payment will prevail. If the contractor gets the work done, they will be paid, as we hold and disburse funds directly to the GC. Draws are processed after phases of work have passed a lender's representative inspection.
5. LABOR AND MATERIALS: On any non-FHA renovation loan product – Labor and materials DO NOT have to be separated, only on government (FHA/VA/USDA) loans. These must be separated to get an advance draw, regardless of loan type.
6. ADVANCE DRAWS: On most of our loans, an advanced draw is permitted, provided –
 - a. The loan program allows it.
 - b. If requested by GC and approved by borrower; labor and materials are separated on the bid (see sample).
 - c. Maximum advanced draw = lesser of...
 - i. 50% of materials cost.
 - ii. 25% of total bid amount.
 - iii. \$25,000.

- d. On FHA 203K Limited loans, there are only 2 draws (50% after closing, and the remainder upon completion and inspection).
7. **COMPLETION DATE:** There must be an estimated completion date on the bid. The maximum is 180 days or less depending on the size of project.
 8. **ROUND ALL PRICES TO NEAREST DOLLAR...NO CENTS!**
 9. Borrower and contractor must sign the bid before we allow the mortgage to close, so do not wait.
 10. If the home was built before 7/1978, and the loan is FHA, contractor must indicate that either they are lead paint certified by the state, or that they will use a lead paint certified sub.
 11. **NOWHERE** on the bid should there be an indication that anyone else is doing work on the home other than the GC or any subs. The “owner” or their family or friend, are **NOT** permitted to do any work that is being paid from the proceeds of a renovation loan. This includes borrower provided materials, unless this is documented and accepted by the lender.
 12. **WARRANTIES AND GUARANTEES:** If included or negotiated, these should be in the bid and ratified between parties.

SHOULD YOU HAVE ANY QUESTIONS ABOUT THIS OR ANYTHING RELATED TO COMPLETING A
BID, PLEASE CONTACT ME AT

richard.day@rate.com | 804-855-4421

∨ SAMPLE BID BELOW ∨

NOTE: THE BID DOESN'T HAVE TO LOOK EXACTLY LIKE THIS, BUT IT DOES HAVE TO INCLUDE ALL REQUIRED INFORMATION, AND WORK MUST BE BROKEN OUT BY LINE-ITEM CATEGORY AND PRICED THE SAME WAY!

ACME CONSTRUCTION 123 Main St., Anyburg, ST 54321 License # / License Class (i/a)
Contractor's email: _____ Contractor's phone: _____
Main contact name/s: _____

Customer name
Subject property address

Brief description of work to be completed. EX: "Enclosed is a comprehensive bid to complete renovations to the above-referenced property. The work includes system repairs, kitchen renovation, addition of a bathroom, refinishing floors, installing new roof, and updating HVAC."

Plumbing: Materials \$7500. Labor \$2875.

- Repair leak to sink in existing first floor bathroom.
- Install rough in plumbing for new additional bath on second floor. This is a full bath, including sink, toilet and walk-in shower.
 - o Install all bath amenities for new bathroom, style/brand chosen by customer.

Electrical: Materials \$750. Labor \$1000.

- Update and/or add wiring for kitchen renovation and additional bathroom on second floor.
- Install smoke detectors per code. (Est. 6 units)

HVAC: Materials \$550. Labor \$1200.

- Repair current heating plant. Just needs routine maintenance to extend the life of unit. [Note: It would be wise to replace entire unit with more energy efficient plant, but that option must be selected by customer.]

Tile: Material \$1100. Labor \$2000.

- Install tile to floor of new bathroom being added to second floor.
- Install tile surround to walk in shower, including floor, ceiling, and walls. Tile color and style to be selected by customer.
- Install tile backsplash in kitchen behind sink, approximately 12" to either side of sink, and flush to bottom of windowsill and cabinets.

Appliances: Material \$3150.00 Labor \$200

- Installation of new refrigerator, range (gas), and dishwasher. Customer to select.

The total bid amount includes all materials, labor, permits, and profit. TOTAL \$20325.00

Customer signature DATE

Contractor signature DATE