LEVINECAPITAL

Scope of Work Revision

Residential Fix & Flip Loan

Sometimes the Scope of Work must be amended to account for changes in the field.

Sometimes you'll find that you do not need to do a scope or portion of a scope that you originally proposed. You can revise the scope to maximize the original budget. Scope revisions are intended to account for minor changes to the scope and valuations. They are not intended for material changes to the project and scope. Just like with the Initial Scope of Work, we look to protect the After Repair Value while assessing scope revisions.

GUIDELINES

- The revised SoW total value must be the same as the original SoW total value.
- You may add new line items.
- You may add 'Contingency' with a valuation of up to 10% of the total budget to place valuations that you want to remove from other line items. Note that 'Contingency' cannot be used for reimbursement for early construction processes like soft costs, demolition and hauling.
- You may remove some line items on a case-by-case basis. Items such as garage door, driveway, landscaping, can be totally removed in some cases if the existing items are serviceable.
- Line-item valuations that have already been fully funded cannot be revised.
- Do not propose revisions that affect the After Repair Value (ARV). Material items such as finishes, appliances, number of bedrooms/baths, or added floor area cannot be devalued or removed as they are part of the calculations that created the ARV of the property.
- Do not increase valuations of early project scopes. For example, if demolition was more expensive than originally proposed, you can adjust that number up to 10% of the total project budget, however, If you demolition was already at 10%, we cannot add more value.
- Do not change the scope in a material way. Material Line items must remain in the scope and close to the original valuation. For example, if the borrower proposed new cabinets, appliances, countertops in the kitchen, those scopes must remain with similar valuations to support the ARV. The same holds true for bathrooms. Another example is Added Floor Area or creation of another space (bedroom, bathroom) within the existing structure. These items defined the ARV and cannot be removed.
- If an unexpected scope is discovered during the project, the borrower may have to fund it on their own. We must protect the ARV and cannot shift funds from scopes that support the ARV to other scopes that, while required, were not originally proposed, and do not directly contribute to the ARV. Example: If foundation work was not originally proposed but is discovered to be required, you may have to fund that scope independently from this loan. As the existing foundation was assumed viable, the ARV was developed based on the originally proposed scopes. If funds are removed from those scopes to account for foundation work, the property will likely not reach the proposed ARV. Take special care when you develop your initial SoW as it is the foundation of the loan.