

<b>PRODUCT DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• 15 and 30 year Fixed Rate</li> </ul>
<b>PRODUCT CODE</b>	<ul style="list-style-type: none"> <li>• CF15-HS (15 year Fixed Rate Conforming HomeStyle Renovation Loan )</li> <li>• CF30-HS (30 year Fixed Rate Conforming HomeStyle Renovation Loan )</li> <li>• CF30-HSHP (30 year Fixed Rate Higher Priced HomeStyle Renovation Mortgage Loan)</li> </ul>
<b>QUALIFYING RATIOS</b>	<ul style="list-style-type: none"> <li>• Maximum qualifying ratios are determined by DU (not to exceed 50% DTI)</li> </ul>
<b>TYPES OF FINANCING</b>	<ul style="list-style-type: none"> <li>• Purchase <ul style="list-style-type: none"> <li>○ For non-arm's length transactions, refer to Non-Arm's Length Policy located in the Correspondent Seller Guide</li> </ul> </li> <li>• Limited Cash-out Refinance <ul style="list-style-type: none"> <li>○ If property listed for sale in last 12 months, refer to Properties Recently Listed for Sale Policy in the Correspondent Seller Guide</li> <li>○ Must be off market a minimum of 30 days prior to the application date</li> <li>○ Cashback to borrower is not permitted. Standard limited cash-out refinance cash back guidelines do not apply</li> </ul> </li> <li>• Cash-out Refinances are ineligible</li> <li>• Buydowns are ineligible</li> </ul>
<b>MAX LOAN AMOUNT</b>	<ul style="list-style-type: none"> <li>• Conforming loan amounts only (Agency High Balance Loan Amounts are ineligible)</li> <li>• Calculation of the loan amount is determined upon completion of the HomeStyle Renovation Maximum Mortgage Worksheet (Form 1035)</li> </ul>

<p>LTV/CLTV</p>	<ul style="list-style-type: none"> <li>• Primary Residence <ul style="list-style-type: none"> <li>○ Purchase and Limited Cash-Out Refinance <ul style="list-style-type: none"> <li>▪ 1 Unit(SFR/PUD/Condo): 95%/95% LTV/CLTV</li> <li>▪ 2 Unit: 85%/85% LTV/CLTV</li> <li>▪ 3-4 Unit: 75%/75% LTV/CLTV</li> </ul> </li> <li>➔ <b>NOTE:</b> Refer to State Restriction section of this guide for maximum LTV/CLTV on Florida Condos</li> </ul> </li> <li>• Second Home <ul style="list-style-type: none"> <li>○ Purchase and Limited Cash Out-Refinance <ul style="list-style-type: none"> <li>▪ 1 Unit(SFR/PUD/Condo): 90%/90% LTV/CLTV</li> </ul> </li> <li>➔ <b>NOTE:</b> Refer to State Restriction section of this guide for maximum LTV/CLTV on Florida Condos</li> </ul> </li> <li>• Investment Property <ul style="list-style-type: none"> <li>○ Purchase <ul style="list-style-type: none"> <li>▪ 1 Unit(SFR/PUD/Condo): 80%/80% LTV/CLTV</li> </ul> </li> <li>○ Limited Cash-Out Refinance <ul style="list-style-type: none"> <li>▪ 1 Unit(SFR/PUD/Condo): 75%/75% LTV/CLTV</li> </ul> </li> </ul> </li> <li>• LTV calculation based on the applicable transaction type <ul style="list-style-type: none"> <li>○ Purchase <ul style="list-style-type: none"> <li>▪ LTV ratio is determined by dividing the original loan amount by the lesser of the “as completed” appraised value of the property <b>OR</b> the sum of the purchase price of the property and the total rehabilitation costs</li> </ul> </li> <li>○ Refinance <ul style="list-style-type: none"> <li>▪ LTV ratio is determined by dividing the original loan amount by the “as completed” appraised value of the property</li> </ul> </li> </ul> </li> </ul>
<p>SECONDARY FINANCING</p>	<ul style="list-style-type: none"> <li>• Permitted per FNMA guidelines and all Platinum Policies located in the Correspondent Seller Guide</li> <li>• Refer to CLTV requirements listed above</li> </ul>

<p><b>PROPERTY TYPES</b></p>	<ul style="list-style-type: none"> <li>• Eligible Properties <ul style="list-style-type: none"> <li>○ 1-4 Unit properties on Primary Residence</li> <li>○ 1 Unit properties on Second Home and Investment</li> <li>○ Condos and PUDs Refer to Condo Review/Warranty section for additional information</li> </ul> </li> <li>• Ineligible Properties <ul style="list-style-type: none"> <li>○ Co-ops, Condotels, and Non-warrantable condos</li> <li>○ Condo conversions in the last 3 years</li> <li>○ Geodesic Domes</li> <li>○ Manufactured homes</li> <li>○ Leaseholds</li> <li>○ Auction sales</li> <li>○ Loans held in the name of a trust</li> <li>○ Unimproved Land and property currently in litigation</li> <li>○ Properties with resale or deed restrictions</li> </ul> </li> </ul>
<p><b>CONDO REVIEW/WARRANTY</b></p>	<ul style="list-style-type: none"> <li>• Condominium and attached PUD projects must be warrantable to FNMA guidelines</li> <li>• Seller must warrant the condo and provide the following supporting documentation: <ul style="list-style-type: none"> <li>○ Completed FNMA warranty form</li> <li>○ Project Questionnaire</li> <li>○ HOA Budget</li> <li>○ Master HOA Certificate of Insurance with the required hazard/liability/fidelity/flood insurance to ensure the proper coverage and policies will not expire within 30 days from the date of the subject loan</li> <li>○ Walls-in/HO-6 insurance in the amount of no less that 20% of the condo or attached PUDs appraised value</li> </ul> </li> <li>• Maximum 20% concentration in any one project or subdivision</li> <li>• Refer to State Restrictions section for additional requirements for Florida condo projects</li> </ul>
<p><b>OCCUPANCY</b></p>	<ul style="list-style-type: none"> <li>• Primary Residence</li> <li>• Second Home <ul style="list-style-type: none"> <li>○ The property must be in a location so as to reasonably function as a second home. The property must be remote in either distance or time of travel from the Borrower's primary residence and be located in a recreational or resort area. (Such as mountains, oceanfront or desert). The Borrower may not own other residential property in the same geographic location as the subject property. Any property that is not a true second home must be underwritten to investment property guidelines.</li> <li>○ Refer to Second Home Procedure in the Correspondent Seller Guide for documentation requirements.</li> </ul> </li> <li>• Investment Property</li> </ul>
<p><b>UNDERWRITING</b></p>	<ul style="list-style-type: none"> <li>• Loans must be underwritten through Desktop Underwriter (DU) and receive an "Approve/Eligible" recommendation</li> <li>• Manual underwriting or "Refer" recommendations are ineligible</li> <li>• Complete loan file (including credit and renovation documents) must be submitted to Correspondent Lending for review prior to loan closing</li> </ul>

<b>BORROWER ELIGIBILITY</b>	<ul style="list-style-type: none"> <li>• Permanent Resident Alien must provide Alien Registration Card (front and back)</li> <li>• Non-Permanent Resident Alien must be a legal resident of the US and must provide eligible visa and unexpired passport</li> <li>• Non-profit borrowers are ineligible</li> </ul>
<b>CO-BORROWERS</b>	<ul style="list-style-type: none"> <li>• Non-occupant Co-Borrower allowed per FNMA guidelines             <ul style="list-style-type: none"> <li>○ Primary Residence only</li> <li>○ Max 95% LTV/CLTV</li> <li>○ Occupant borrower must contribute a minimum of 5% own funds as down payment for loans greater than 80% LTV</li> <li>○ Non-occupant co-borrower's income and liabilities are not used to qualify on DU loans</li> </ul> </li> </ul>
<b>FICO</b>	<ul style="list-style-type: none"> <li>• Minimum FICO Requirements             <ul style="list-style-type: none"> <li>○ Primary Residence:                 <ul style="list-style-type: none"> <li>▪ Minimum 660 FICO</li> </ul> </li> <li>○ Second Home:                 <ul style="list-style-type: none"> <li>▪ Minimum 680 FICO</li> </ul> </li> <li>○ Investment Property:                 <ul style="list-style-type: none"> <li>▪ Minimum 680 FICO</li> </ul> </li> </ul> </li> <li>• Non-traditional credit ineligible. All borrowers must have a FICO score.</li> <li>• Refer to State Restriction section of this guide for minimum FICO requirements on Florida Condos</li> </ul>

### CREDIT

- Must adhere to FNMA guidelines and Platinum Policies located in the Correspondent Seller Guide
- Detailed explanation letter from the borrower(s) is required on all inquiries in the last 90 days of the credit report date that individually address the purpose and outcome of each. In some instances, material verification may be required.
- Authorized User Accounts
  - Desktop Underwriter (DU) issues a message providing the name of the creditor and account number for each authorized user tradeline to easily identify these tradelines that require review in order to ensure the tradelines are an accurate reflection of the borrower's credit history.
  - In order to ensure the tradelines being reported are an accurate reflection of the borrower's credit history, the following must be established:
    - The relationship of the borrower to the owner of the account,
    - If the borrower uses the account, and
    - If the borrower makes the payments on the account
  - If the authorized user tradeline belongs to another borrower on the loan or belongs to the borrower's spouse who is not on the loan, no further investigation is required.
  - If the borrower has several tradelines in good standing and only a minor number of authorized user accounts, the determination can be made that the authorized user accounts had minimal, if any, impact on the borrower's overall credit profile and the information reported on the credit report accurately reflects the borrower's credit history.
  - The Lender is required to make the determination of the impact of the authorized user accounts. The underwriter must note their determination on FNMA Form 1008 and include supporting documentation in the file, as applicable
  - If the Lender believes the authorized user tradelines are not an accurate reflection of the borrower's credit history, the DU recommendation is considered invalid
- Mortgage Delinquencies:
  - 1 or more 60, 90, 120, or 150 day late payments within last 12 months are unacceptable
- Short Sales/Pre-foreclosure sales, Mortgage Re-Structure/Modification, and Deed-in-Lieu of foreclosure due to financial mismanagement and extenuating circumstances require:
  - 2 years seasoning with a maximum 80% LTV and credit must be re-established
  - 4 years seasoning with a maximum 90% LTV and credit must be re-established
  - 7 years seasoning required for Standard product guidelines
- Bankruptcy: Chapter 13
  - 2 years seasoning from discharge date or 4 years from dismissal date and credit must be re-established
- Bankruptcy: Chapter 7
  - 4 years seasoning from discharge or dismissal date and credit must be re-established
  - If more than one filing in last 7 years, a 5 year period is required to document re-established credit
- Foreclosure:
  - 7 year seasoning from completion date required and credit must be re-established

<p><b>ASSETS/RESERVES</b></p>	<ul style="list-style-type: none"> <li>• Must adhere to FNMA guidelines and Platinum Policies located in the Correspondent Seller Guide</li> <li>• In addition to DU documentation requirements, a minimum 30 days bank statement/print out is required</li> <li>• For non-payroll/large deposits:             <ul style="list-style-type: none"> <li>○ If deposit is less than 25% of borrower's income and cannot be sourced (i.e. cash deposit, etc.) an LOX from borrower is required and funds must be backed out from available assets submitted through DU.</li> <li>○ If deposit exceeds 25% of borrower's income, an LOX from borrower and the source of deposit is required. If source of deposit is not an eligible source of funds, the deposits must be backed out from available assets submitted through DU</li> </ul> </li> <li>• Gifts             <ul style="list-style-type: none"> <li>○ Primary residence                 <ul style="list-style-type: none"> <li>▪ Acceptable provided Borrower Investment is met</li> </ul> </li> <li>○ Ineligible for Second Homes and Investment Property</li> </ul> </li> <li>• Reserves –             <ul style="list-style-type: none"> <li>○ Primary Residence                 <ul style="list-style-type: none"> <li>▪ 1 Unit: No minimum</li> <li>▪ 2-4 Unit: Minimum 6 months PITIA</li> <li>▪ If either the borrower's primary residence is for sale, but the sale will not close before the Note Date of the Mortgage on the new primary residence, or the borrower is converting his/her primary residence to a second home or Investment property; refer to Vacating Primary Residence Matrix located in the Correspondent Seller Guide for requirements</li> </ul> </li> <li>○ Second Home                 <ul style="list-style-type: none"> <li>▪ As determined by DU. Plus 2 months additional reserves required for each additional financed Second Home or Investment Property owned</li> </ul> </li> <li>○ Investment Property                 <ul style="list-style-type: none"> <li>▪ As determined by DU. Plus 2 months additional reserves required for each additional financed Second Home or Investment Property owned</li> </ul> </li> </ul> </li> </ul>
<p><b>DOWN PAYMENT ASSISTANCE</b></p>	<ul style="list-style-type: none"> <li>• Down Payment Assistance Programs are eligible if provided by a government entity or agency.</li> <li>• Employer assistance is acceptable in accordance with FNMA guidelines</li> </ul>

<p><b>INTERESTED PARTY CONTRIBUTIONS</b></p>	<ul style="list-style-type: none"> <li>• Principal Residence <ul style="list-style-type: none"> <li>○ Maximum 3% for LTV/CLTV &gt; 90%</li> <li>○ Maximum 6% for LTV/CLTV 75.01% - 90%</li> <li>○ Maximum 9% for LTV/CLTV 75% or less</li> </ul> </li> <li>• Second Home <ul style="list-style-type: none"> <li>○ Maximum 3% for LTV/CLTV &gt; 90%</li> <li>○ Maximum 6% for LTV/CLTV 75.01% - 90%</li> <li>○ Maximum 9% for LTV/CLTV 75% or less</li> </ul> </li> <li>• Investment Property <ul style="list-style-type: none"> <li>○ Maximum 2% for all LTV/CLTV</li> </ul> </li> <li>➔ <b>NOTE:</b> Interested party contributions that exceed these limits are considered sales concessions. The property's sales price must be adjusted downward to reflect the amount of contribution that exceeds the maximum. The maximum LTV/CLTV ratios must be recalculated using the reduced sales price or appraised value.</li> </ul>
<p><b>INCOME</b></p>	<ul style="list-style-type: none"> <li>• Must adhere to FNMA guidelines and Platinum Policies located in the Correspondent Seller Guide</li> <li>• In addition to DU document requirements, provide a current paystub with all year to date earnings, most recent W2, initial completed and signed IRS Form 4506T, and 1 most recent year of validated tax transcripts <ul style="list-style-type: none"> <li>➔ <b>NOTE:</b> If DU requires 2 years of income verification, then 2 most recent years of validated tax transcripts are required</li> </ul> </li> <li>• Projected income for a new job <u>cannot</u> be used to qualify. All borrowers must have a YTD paystub prior to close.</li> <li>• If any borrower is working for a temporary agency, a minimum of 24 months' work history is required with the temporary agency in order to consider income for qualification</li> <li>• Government housing assistance such as Section 8 income borrowers are ineligible</li> <li>• Verbal Verification of Employment <ul style="list-style-type: none"> <li>○ Must be completed within 10 business days prior to note date for all salaried borrowers</li> <li>○ Must be completed within 30 days prior to the note date for all self-employed borrowers</li> <li>○ Borrowers in the military may provide a military Leave and Earnings Statement dated within 30 days prior to the note date in lieu of a verbal verification of employment</li> </ul> </li> <li>• If borrower is vacating their primary residence and converting it to an investment property and using rental income to qualify, refer to the Vacating Primary Residence Matrix for requirements</li> <li>• Rental property acquired subsequent to the most recent tax year filing, provide the following to use rental income to qualify: <ul style="list-style-type: none"> <li>○ HUD-1, note, mortgage or equivalent documentation to confirm purchase date</li> <li>○ Copy of current lease</li> <li>○ Three (3) consecutive months cancelled checks or bank statements verifying receipt of rental income</li> </ul> </li> <li>• Borrowers using rental income to qualify on subject property must obtain rent loss insurance. Rent loss insurance covers rent losses that are incurred during the period that the property is being rehabilitated following a casualty. The coverage must be for at least 6 months' rent loss.</li> </ul>

<b>APPRAISAL REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• Must adhere to FNMA guidelines and Platinum Policies located in the Correspondent Seller Guide</li> <li>• The appraisal must provide an “as completed” appraised value that estimates the value of the property after the completion of the renovation work.</li> <li>• The appraisal must reference the accepted plans and specifications for improvements prepared by a third party.</li> <li>• Rent schedule on FNMA Form 1007 required on 1- Unit investment property when rent is being used to qualify</li> <li>• On 1 unit investment property, if rent is not being used to qualify, Form 1007 is not required, although, monthly rent must be documented through <u>one</u> of the following:             <ul style="list-style-type: none"> <li>○ A current lease; or</li> <li>○ Tax returns; or</li> <li>○ Borrower certification detailing rent amount <u>and</u> on-line printout (such as Zillow.com or Trulia.com) to support rent</li> </ul> </li> </ul> <p>➡ <b>NOTE:</b> Monthly rent must be noted by the Underwriter on Form 1008</p>
<b>MORTGAGE INSURANCE</b>	<ul style="list-style-type: none"> <li>• Platinum approved Mortgage Insurance(MI) Companies are: AIG/United Guaranty, Genworth, and Radian</li> </ul>
<b>MAX PROPERTIES</b>	<ul style="list-style-type: none"> <li>• Borrower allowed up to 4 financed properties including subject property or \$2 million whichever is less.</li> <li>• Joint ownership in residential real estate is considered the same as total ownership of an individual property. The four property limit applies to any combination of ownership in one- to four unit properties, whether or not the financing involves the HomeStyle product.</li> <li>• Platinum limits its exposure to a maximum of 2 total properties (includes all properties with Platinum on any program)</li> </ul>
<b>HIGHER PRICE MORTGAGE GUIDELINES (CF30-HSHP)</b>	<ul style="list-style-type: none"> <li>• Must be locked under Product Codes providing for HPML: CF30-HSHP</li> <li>• Higher-Priced Mortgage Loan Disclosure must be signed as part of the application documents</li> <li>• Must pass all High Cost tests, including but not limited to Agency, City, County, State &amp; Federal</li> <li>• Validation of the borrower’s ability to repay through verification of income, liabilities, and assets in accordance with full documentation requirements</li> <li>• Escrow Waivers are not allowed regardless of LTV. Escrow account must be established</li> </ul>
<b>STATE RESTRICTIONS</b>	<ul style="list-style-type: none"> <li>• Florida Condo             <ul style="list-style-type: none"> <li>○ Primary Residence                 <ul style="list-style-type: none"> <li>▪ Minimum 700 FICO Score – Max 75% / 75% LTV/CLTV</li> </ul> </li> <li>○ Second Home                 <ul style="list-style-type: none"> <li>▪ Minimum 720 FICO Score- Max 70% / 70% LTV/CLTV</li> </ul> </li> <li>○ Investment Property ineligible</li> <li>○ New or newly converted condos within the last 3 years are ineligible</li> </ul> </li> </ul>
<b>RENOVATION AMOUNT</b>	<ul style="list-style-type: none"> <li>• Total Cost: The total renovation costs may not exceed 50% of the “as completed” appraised value</li> <li>• Total Cost includes all rehabilitation costs such as labor and materials, contingency reserve, architectural/engineering fees, independent consultant fees, permits, inspections, title update and other documented fees such as: fees for energy reports, appraisals, review of renovation plans, and fees charged for processing renovation draws</li> </ul>
<b>RENOVATION PERIOD</b>	<ul style="list-style-type: none"> <li>• Completion Date: The renovations must be completed within 6 months of the closing date.</li> </ul>



<b>RENOVATION IMPROVEMENTS</b>	<ul style="list-style-type: none"> <li>• There are no required improvements or restrictions on the types of repairs allowed or a minimum amount for the repairs.</li> <li>• Repairs must be permanently affixed to the property and add value to the property.</li> <li>• The repairs and improvements must meet any local codes and ordinances and the contractor must obtain all required permits prior to the start of work.</li> <li>• When the security property is a unit in a condominium/attached PUD project, the project must be one for which the proposed renovation work is permissible under the bylaws of the owners' association or one for which the owners' association has given written approval for the renovation work. The renovation work for a condominium unit must be limited to the interior of the unit (including the installation of fire walls in the attic)</li> <li>• If the HomeStyle Renovation loan is used to finance energy related improvements, a Home Energy Rating Systems (HERS) energy rater must prepare a written energy report.             <ul style="list-style-type: none"> <li>○ The report must identify the recommended energy improvements and expected costs; specify the monthly energy savings and verify the improvements are cost effective.</li> <li>○ A list of accredited HERS raters by state can be located at RESNET's website.</li> <li>○ The energy report must be dated no earlier than 120 days prior to the note date.</li> <li>○ The loan must meet the requirements of the energy improvement feature detailed in the Fannie Mae Selling Guide Section B5-3.3-01; including, but not limited to:</li> <li>○ Eligible on1 unit existing properties only</li> </ul> </li> </ul>
<b>PLANS AND SPECIFICATIONS</b>	<ul style="list-style-type: none"> <li>• The plans and specifications for the renovation project must be prepared by a registered, licensed renovation consultant, or architect who is not involved with the completion of the renovation project.</li> <li>• The plans and specifications should fully describe all of the work to be done and provide an indication of when various jobs or stages of completion will be scheduled (including both the start and completion dates).</li> <li>• The plans and specifications will reflect an overview of the entire project, details of the specific work, location, the quantities and quality of materials to be used in completing the project.</li> <li>• The lender must use the plans and specifications to document and evaluate the quantity, quality, and cost of the renovation work that is to be done and to determine the amount of financing that will be available</li> <li>• The plans and specifications with the cost estimates must be used by the appraiser in development of the after improved "as completed" value of the property.</li> <li>• Prior to approval of any changes to the original plans and specifications, HomeStyle Change Order Request (Form 1200) is required to be submitted detailing the description of the change(s), associated cost(s) and estimated time to complete</li> </ul>
<b>CONSTRUCTION CONTRACT</b>	<ul style="list-style-type: none"> <li>• Contractor and Borrower to complete and execute the Construction Contract (Form 3734)</li> <li>• This contract which must be executed by both the contractor and the borrower, and require the contractor to:             <ul style="list-style-type: none"> <li>○ complete the work in compliance with the contract and all applicable government regulations (such as building codes and zoning regulations)</li> <li>○ obtain the necessary building permits (including a certificate of occupancy, if required)</li> <li>○ provide for appropriate remedies for resolving disputes (including an agreement to indemnify the borrower for all property losses or damage caused by the contractor's employees or subcontractors).</li> </ul> </li> </ul>

<p><b>CONTRACTOR REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>All renovation work must be performed by a licensed contractor chosen by the borrower; subject to the lender's determination that the contractor is qualified, experienced, has all required and necessary credentials, is financially able to complete the renovation in the time allotted and agrees to indemnify the borrower's for all damages and property losses caused by the contractor's employees or subcontractors.</li> <li>A Contractor Profile Report (Form 1202) is required to be included in the loan file.</li> </ul>
<p><b>RENOVATION COSTS</b></p>	<ul style="list-style-type: none"> <li>In addition to the materials and labor required for the renovation project, the borrower may finance other fees associated with the improvements.             <ul style="list-style-type: none"> <li>Contingency reserves</li> <li>Escrowed mortgage payments</li> <li>Title Update fees to cover necessary title updates and a final title update at completion ensuring FNMA is in first lien position.</li> <li>Consultant/Home Inspection and Inspection Fees: The charge is the customary fee for the area. Inspections are required for each release of renovation funds.</li> <li>Fees for architect, engineering or energy efficient ratings</li> <li>Fees for necessary permits for construction.</li> <li>Final Inspection from the original Appraiser and certification documented on the HomeStyle Completion Certificate (Form1036)</li> <li>Draw management fee. This is calculated as 1.50% of the portion of the mortgage allocated to the rehabilitation, or \$500, whichever is greater</li> </ul> </li> <li>Borrower has the option of financing these items or funding them separately from the mortgage in to the escrow account.</li> <li>Unused funds received directly from the borrower, may be returned to the borrower, however unused financed escrow will be applied to the principal balance or used for additional improvements</li> </ul>
<p><b>CONTINGENCY RESERVE</b></p>	<ul style="list-style-type: none"> <li>A contingency reserve equivalent to 10% of the total costs of the repairs and renovation work must be established to cover unforeseen repairs or deficiencies that are discovered during renovation</li> <li>The contingency reserve may be released only if required, necessary, and unforeseen repairs or deficiencies are discovered during the renovation.</li> <li>Unused contingency funds will be used to reduce the outstanding balance of the renovation mortgage after all the renovation work has been completed; <b>OR</b></li> <li>Borrower may use remaining contingency reserve funds for making improvements that are permanently affixed to the property and add value; if the lender warrants the renovation work was completed, and the funds have already been reduced by any cost overruns; <b>and</b> the additional improvements or repairs are actually used to improve the property, are documented with paid receipts from the borrower's own funds, and are inspected by the original appraiser who prepared the "as completed" appraisal report.</li> </ul>
<p><b>MORTGAGE PAYMENT RESERVE</b></p>	<ul style="list-style-type: none"> <li>Mortgage payments (PITI) generally may be included in the total renovation costs for a principal residence that cannot be occupied during the renovation period and set up in an escrow account.</li> <li>The mortgage payment escrow may only include those payments that come due during the period in which the property cannot be occupied.</li> <li>The maximum amount that may be escrowed is six months of mortgage payments (includes principal, interest, taxes and insurance).</li> </ul>

<p><b>REHABILITATION/ REPAIR DISBURSEMENT PROCESS</b></p>	<p>RELEASES FROM THE ESCROW ACCOUNT AT CLOSING</p> <ul style="list-style-type: none"> <li>• Allowable costs can be released at closing for permits, home/consultant inspection, and other fees related to the renovation. These costs can be released with the appropriate documentation in the form of a paid receipt or an invoice that is to be paid. Advances for materials or repairs are not allowed.</li> <li>• Releases for repairs cannot be done until evidence is received that all required permits have been obtained and inspection of the completed work has been done</li> </ul> <p>PERMITS:</p> <ul style="list-style-type: none"> <li>• Prior to the start of work and prior to the release of any escrow funds, building permits for all aspects of the renovation project must be in place.</li> <li>• If permits are not required by the local jurisdiction, a certification or other documentation stating no permits are required for the project must be obtained in lieu of the permit.</li> </ul>
<p><b>DRAW MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>• Standard Draw or Managed Draw options are available.</li> </ul>
<p><b>DRAW REQUESTS &amp; DISBURSEMENTS</b></p>	<p>DRAW REQUESTS &amp; DISBURSEMENTS</p> <ul style="list-style-type: none"> <li>• Funds may be released after the work is completed and inspected by appraiser/approved inspector with a 10% holdback on each interim disbursement.</li> <li>• No advances for repairs are permitted.</li> <li>• Paid receipts or cancelled checks are required to reimburse the borrower or contractor for paid allowable costs that are financed in the renovation escrow after the service has been provided.</li> <li>• Draw requests are made by completing an Escrow Disbursement form along with all supporting documentation.</li> <li>• Original signatures from the borrower(s), the contractor and the Lender's authorized agent/employee are required on the Draw Request Form or equivalent form prior to each release.</li> <li>• Draw requests will be reviewed upon receipt. If any corrections or additional documentation is needed to approve the draw, Correspondent Lending will contact the lender.</li> <li>• Upon receipt of complete draw documentation, checks will be processed in 24 to 48 hours.</li> </ul> <p>TITLE UPDATE:</p> <ul style="list-style-type: none"> <li>• An endorsement to the title policy extending the effective date through the completion of the renovation and assuring first lien position is required to be provided by lender for final disbursement.</li> </ul>
<p><b>RENOVATION COMPLETION</b></p>	<ul style="list-style-type: none"> <li>• Appraisal Update and/or Completion Report-FNMA Form 1004D completed by original appraiser after renovation complete is required.</li> <li>• Completion must be documented on FNMA HomeStyle Completion Certificate (Form 1036) from appraiser. The contractor and the borrower must also complete, sign, and deliver the form.</li> <li>• Concurrent with the last disbursement of funds, a title update through the date the renovation was completed is required, thus ensuring the continuance of first lien priority and the absence of any mechanics' or materialmen's liens is required to be provided by the lender for final disbursement.</li> <li>• Must obtain a certification regarding the adequacy of the property insurance following completion of the renovation. The certification must confirm that the coverage has been increased, if necessary, to comply with Fannie Mae's standard hazard and flood insurance requirements.</li> </ul>

<b>DU DATA ENTRY REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>Renovation costs (amount from Line C2 of Maximum Mortgage Worksheet) must be entered in Line b of Section VII (Details of Transaction) of the loan application</li> <li>Exception: For 2-4 unit investment properties, the sum of the sales price and renovation costs must be entered in Line a of Section VII (Details of Transaction) of the loan application</li> </ul>
<b>RENOVATION DOCUMENTS</b>	<ul style="list-style-type: none"> <li>HomeStyle Renovation Maximum Mortgage Worksheet (Form 1035)</li> <li>HomeStyle Completion Certificate (Form 1036)</li> <li>Appraisal Update and/or Completion Report- (Form 1004D)</li> <li>Change Order Request (Form 1200)</li> <li>Contractor Profile (Form 1202)</li> <li>HomeStyle Renovation Consumer Tips (Form 1204)</li> <li>Construction Contract (Form 3734)</li> <li>Construction Loan Agreement (Form 3735)</li> <li>Construction Loan Rider to Security Instrument (Form 3737)</li> <li>Investor Rider to Security Instrument (Form 3738)</li> </ul>
<b>SPECIAL FEATURE CODES</b>	<ul style="list-style-type: none"> <li>HomeStyle Renovation Mortgage: SFC215</li> <li>Recourse: SFC001</li> <li>Energy Improvement Feature: SFC375 <ul style="list-style-type: none"> <li>➡ <b>NOTE:</b> SFC must be listed in comments section on FNMA Form1008</li> </ul> </li> </ul>
<b>PRICING/RATES/LOCKS</b>	<ul style="list-style-type: none"> <li>Refer to the Platinum Correspondent Lending website for daily pricing and pricing policies</li> </ul>