

TOWNE FAMILY OF COMPANIES FANNIE HOMESTYLE RENOVATION LOAN

Maximum LTV/CLTV/HCLTV	Purpose	Units	LTV	CLTV	HCLTV		
	Primary Residence						
	Purchase & Limited Cashout Refinances (LCOR)	1	95%	95%	95%		
		2	85%	85%	85%		
		3-4	75%	75%	75%		
	2nd Home						
	Purchase & Limited Cashout Refinances (LCOR)	1 Unit	90%	90%	90%		
	Investment						
	Purchase	1 Unit	80%	80%	80%		
	Limited Cashout Refinances (LCOR)	1 Unit	75%	75%	75%		
* Max LTV is 80% where mortgage insurance not available							
Eligible Loan Terms	<ul style="list-style-type: none"> • 15, 20, 25 and 30 Year Fixed Rate 						
Eligible Property Types	<ul style="list-style-type: none"> • 1-4 Family Owner Occupied • 1 Unit 2nd Home • 1 Unit Investment Property • Condos and PUDs Units are Eligible 						
Ineligible Property Types	<ul style="list-style-type: none"> • Manufactured Homes • 2-4 Unit Properties on second homes and investment properties 						
Max Loan Amount	<ul style="list-style-type: none"> • Fannie Mae Loan Limits apply 						
Max Rehab Amount	<ul style="list-style-type: none"> • Cannot exceed 50% of the "as completed value" of the property (including contingency reserves & soft costs) 						
Minimum Rehab Amount	<ul style="list-style-type: none"> • No minimum dollar of rehab is required 						

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Underwriting Guidelines	<ul style="list-style-type: none"> • Loan must be approved through DU and receive Approve/Eligible findings. • Minimum Credit score 620
Eligible Renovations	<ul style="list-style-type: none"> • Any type of permanent improvement to the home - including cosmetic repairs and landscaping • Improvements must be supported by the "as improved value"
Calculating Maximum LTV/Loan Amount	<p><u>Purchase</u></p> <ul style="list-style-type: none"> • <u>Lessor of</u> purchase price + renovation hard and soft costs, contingency reserves (if financed) and eligible payment reserve (if applicable); or the "as completed value" up to the eligible LTV. <p><u>Refinance</u></p> <p>LTV ratio is determined by dividing the Loan amount by the Lesser Of:</p> <ul style="list-style-type: none"> • "as completed" appraised value of the property OR; • The sum of the unpaid principal balances of all eligible liens(seasoned for at least 1 year) and the total renovation costs(including hard and soft costs, contingency reserve if financed, eligible payment reserve if applicable), closing costs and Prepaid
Limited Cash out refinance restrictions	<ul style="list-style-type: none"> • Borrower may not receive cash back at closing in any amount (Fannie Mae standard limited cash-out refinance of 2% or \$2,000, whichever is less, is NOT PERMITTED.
Mortgage Insurance	<ul style="list-style-type: none"> • Required on ALL LTV's > 80%..
Builder/Contractor Requirements	<ul style="list-style-type: none"> • Borrowers must complete a construction contract with the Builder/Contractor • Builder/Contractor must be fully licensed • Maintain full liability insurance (at least \$300,000 coverage) • Maintain Workmans's Compensation Insurance if they employ other • Contractor must be approved by Towne Mortgage
Rehab Escrow	<ul style="list-style-type: none"> • Placed in an insured interest bearing account • Disbursed as work is completed per plans and specs
Contingency Reserve	<ul style="list-style-type: none"> • A contingency reserve equal to 10% - 20% of the cost of rehab is required and can be financed into the loan amount if the applicable LTV permits • Unused contingency funds will be applied to reduce the balance of the mortgage (unless the borrowers prepaid with

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	own funds, then the funds can be returned to borrower)
Rehab Period	<ul style="list-style-type: none"> Up to 9 months
Payment Reserve	<ul style="list-style-type: none"> A payment reserve up to 6 months of PITI is permitted on owner occupied properties and can be financed for the period in which the property cannot be occupied
Appraisal Requirement	<ul style="list-style-type: none"> An appraisal using Fannie Mae form 1004 based on the "as-completed value"
Title & Homeowners Insurance	<ul style="list-style-type: none"> Must be in the amount equal to the total loan amount
Draw Administration Fee	<ul style="list-style-type: none"> In addition to our standard fees, there is a Draw Administration Fee equal to the greater of 1.5% of the total rehab portion of the mortgage or \$500.00
Inspection Fees	<ul style="list-style-type: none"> Inspection fees of \$175.00 will be charged per inspection Number of inspections determined prior to close based on scope of work
Cash Back to Borrower	<ul style="list-style-type: none"> Does not allow for any cash back to customer (i.e. no variance for lessor of 2% or \$2000 - no cash back)
Documentation Requirements	<ul style="list-style-type: none"> Refer to Homestyle Renovation Program Guide