

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 | | | | | | |
| Underwriting | <ul style="list-style-type: none"> • Loan must be approved through DU and receive | | | | | | |

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| Guidelines | <p>Approve/Eligible findings.</p> <ul style="list-style-type: none"> • 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 purchase price</u> + 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 own funds, then the funds can be returned to borrower) |

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| Rehab Period/Maximum number of draws | <ul style="list-style-type: none"> • Up to 9 months • Up to 5 draws |
| 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 and title update 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 • \$175.00 title update fees charged per draw |
| 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 |