

Product Types

10- 30 year fixed

Sales Focus

HomeStyle enables homebuyers and homeowners to finance either the purchase or a refinance of a house and the cost of its rehabilitation through a single mortgage. The extent of the rehabilitation may range from relatively minor to virtual reconstruction provided the existing foundation systems remain in place. The loan is fully disbursed at closing, all monies for repairs are placed in escrow and the borrower pays full principal and interest throughout rehabilitation. Loans in which the borrower makes the repairs (aka “Self Help”) are **not** permitted. The Streamlined HomeStyle option is also offered (see next page).

Eligible and Ineligible Borrowers

Refer to FNMA Standard product.

Eligible and Ineligible Properties and Programs

Refer to FNMA Standard product. In addition, the following also applies:

- Condominiums and PUD’s are not eligible
- Multi-family conversions are **not** eligible for increase or decrease in unit count.
- Cooperatives and 2-4 unit Investment properties are **not** eligible.
- Mixed-use properties are **not** eligible.
- New construction is **not** allowed. The borrower must have a certificate of occupancy for a minimum of one year.
- EEM (Energy Efficient Mortgages) are not permitted.

Maximum Loan Amount

- Refer to FNMA Standard Product
- High Balance loans are not permitted

Maximum Loan-to-Value

Property Type	Purchase			Limited Cash-out Refinances ^❶		
	LTV	CLTV	HCLTV	LTV	CLTV	HCLTV
1 Unit Primary	95%	95%	95%	95%	95%	95%
2 Unit Primary	85%	85%	85%	85%	85%	85%
3-4 Unit Primary	75%	75%	75%	75%	75%	75%
Second Home	90%	90%	90%	90%	90%	90%
1 Unit Investment	80%	80%	80%	75%	75%	75%

❶ Cash-out is not permitted

Eligibility Matrix	INTEGRITY MORTGAGE GROUP HomeStyle - Standard	INTEGRITY MORTGAGE GROUP HomeStyle - Streamline
Repair Amounts	No Minimum; max reno costs can be as much as 50% of the as-completed value (this amt. represents the cost of repairs only (contractor estimates for labor/material) and should NOT include any contingency reserves, fees etc.	No minimum; maximum rehabilitation amount is \$35,000 including any contingency reserves, fees, etc. as well as cash paid out of pocket. (Line C2 of the HomeStyle MMW cannot exceed \$35,000)
Repair Types	<ul style="list-style-type: none"> • Structural and non-structural. • Landscaping or site amenities. • No outbuildings. 	<ul style="list-style-type: none"> • Non-structural. • Landscaping or site amenities. • No outbuildings.
Plan Review / Specification of Repairs	<ul style="list-style-type: none"> • All work must be performed by a Qualified contractor (must be licensed if applicable). • Plans and specs, if applicable, must be prepared by a qualified, licensed general contractor, renovation consultant or architect. • For renovation amounts of \$35,000 or greater, a plan reviewer is required. A plan reviewer is defined as a HUD consultant, a renovation consultant or architect with equivalent experience. 	<ul style="list-style-type: none"> • All work must be performed by a Qualified contractor (must be licensed if applicable). • Plans and specs, if applicable, must be prepared by a qualified, licensed or general contractor, renovation consultant or architect.
Contingency Reserve	<ul style="list-style-type: none"> • 20% minimum required. • If Consultant quotes > 15%, the higher amount must be used. • Unused contingency funds must be applied to reduce the balance of the mortgage unless the contingency reserve was provided from the borrower's own funds. 	<ul style="list-style-type: none"> • 20% minimum required. • 20% required if utilities not on or if property is vacant. • Unused contingency funds must be applied to reduce the balance of the mortgage unless the contingency reserve was provided from the borrower's own funds.
Draw Disbursements	<ul style="list-style-type: none"> • Appraiser / Consultant inspects property and identifies the percentage of work complete to date. (Appraiser may inspect for repairs <= \$35,000) • Maximum 5 draws. • 10% holdback on each disbursement. • Checks cut in contractor and borrower's names. • No draws are permitted without an inspection 	<ul style="list-style-type: none"> • Appraiser inspects property and identifies the percentage of work complete to date. • Maximum 2 draws. • 10% holdback on each disbursement. • Checks cut in contractor and borrower's names • No draws are permitted without an inspection
Inspections and Title Updates	<ul style="list-style-type: none"> • Inspections are required prior to each disbursement. • Two bringdowns performed: one at 50% of renovation dollars advanced and one at final draw 	<ul style="list-style-type: none"> • Inspections are required prior to each disbursement. • Two bringdowns performed: one at 50% of renovation dollars advanced and one at final draw
Mortgage Payment Reserve	Up to 6 months of PITI can be financed, if the home is not habitable during renovation.	Borrower must move into property within 30 days of closing. Mortgage payments may not be escrowed.
Project Conversions	Not allowed	Not allowed
Partially Completed Projects	INTEGRITY MORTGAGE GROUP will consider disaster-area properties that need finish funds or those that require raising of foundations to increase elevation due to flood zone	Not allowed

Contractor Acceptance

Contractor acceptance is required for all transactions, both Standard and Streamlines. All rehab work must be performed by a qualified and licensed contractor chosen by the borrower and completed in a workmanlike manner.

- Borrower is limited to a total of 3 sub-contractors or a General Contractor will be required.
- The borrower may **not** act as the General Contractor. “Self-Help” loans are **not** permitted.
- Contractor’s Resume, should be completed by all contractors.
- The Underwriter must validate the Contractor(s) selected by the borrowers are acceptable to lender. A Contractor Acceptance Checklist (Exhibit 03-099C) must be completed.
- A Homeowner-Contractor Agreement is required for each contractor (Form 2101).

Renovation Term

6 months.

Repair Estimates

Borrowers must provide written contractor estimates for all work being included in their repair escrow.

- Estimates should include the cost for labor & materials.
- Estimates must itemize all work being included.
- All estimate amounts must match the Homeowner/Contractor Agreement(s), Form 2101.
- Materials or appliance estimates from “box stores” (i.e. Home Depot, Lowe’s, etc.) must be accompanied by labor estimates from the installing contractor who will install the materials.
 - Whether the installing contractor is independent OR a sub-contractor for a store, they must still provide an executed Homeowner/Contractor agreement, and be “Accepted” by lender.
 - Exception: free-standing appliances (or items that do not require installation or labor to install) may be presented as stand-alone estimates (i.e. free-standing stove, washer, dryer).
- Paint must always be accompanied by a labor estimate.
- A structural repair is defined as any change to the foundational footprint of the home, any foundation repairs requiring excavating work, any alteration of the sizes of windows or doors, or changes to the home’s interior layout. While the foundation may be added to, the original foundation must stay intact.

Underwriting Considerations

All loans must be underwritten according to general FNMA guidelines and Chapter VII, Section 116 unless otherwise noted. Do not follow FHA 203(k) underwriting guidelines for this program.

- Appraisal Requirements:
 - Any appraisals made “subject to repairs” will require a final inspection.
 - PIW “No Appraisal Option” - Not Allowed.
 - Full appraisals are required.
 - Inspectors can be FHA approved or provide equivalent qualifications as established by INTEGRITY MORTGAGE GROUP.
 - Appraiser must acknowledge review of work being done.
- LTV Calculation:
 - Purchases
 - Loan amount divided by the **lesser** of:
 - ✓ “As-completed” value, or
 - ✓ Acquisition cost (Purchase price) + rehabilitation cost + contingency reserve
 - Limited Cash-Out
 - Loan amount divided by the “As-completed” value
 - The borrower CANNOT receive the lesser of \$2,000 or 2% of the loan amount in cash back at closing
- The maximum loan amount includes any financed rehabilitation amount.
- Loan Decisioning

- DU Approve only
- Desktop Underwriter cannot differentiate between the true renovation costs (repairs only) versus the total amount (including reserves, fees, etc). Should DU return an 'Ineligible' due **only** to the percentage of renovation being greater than 50%, you may proceed and a single loan waiver is **not** required in these instances.
- Maximum Number of Financed Properties: When the subject property is a second home or non-owner occupied, the **maximum number of financed properties the borrower(s) may have outstanding is 4**. (This limitation is based on the total number of properties financed, not just the number of FNMA mortgages).

Assumability

Not permitted.

Disclosure / Prior-to Settlement Requirements

Use standard documents unless otherwise noted.

- Pre-application
 - Contractor's Resume ([Form 2605](#))
- Origination Documentation
 - HomeStyle® Renovation Maximum Mortgage Worksheet – ([Form 2609](#))
 - HomeStyle® Borrower's Acknowledgement - ([Form 2600](#))
 - HomeStyle® Renovation Consumer Tips – (Form 2602)
- A verbal verification of employment (VOE) by INTEGRITY MORTGAGE GROUP is required for all borrowers prior to funding.

Escrow/Impounds

[Section 400](#) - Secondary Policy and Procedures

Mortgage Insurance

- Mortgage insurance is required for all loans with LTV's in excess of 80%. The following companies are eligible to be used:
 - Essent, Genworth, MGIC and UGIC
 - MI is based on the as completed value.
 - Standard FNMA coverage is required to be effective as of the date of closing.
 - Investment Property: Essent is the **ONLY** eligible MI Company.

- Standard MI Coverage

LTV / Term	<= 20 Years	> 20 Years
90.01% - 95%	25%	30%
85.01% – 90%	12%	25%
80.01% – 85%	6%	12%

- Financed MI Option
 - Owner-Occupied only.
 - MI may be financed if the base LTV is 90% or less.
 - Determine the coverage required prior to adding the MI to the principal balance.
 - Maximum LTV for the product is calculated using the base loan amount before MI cannot exceed 95%.
- Refer to [Exhibit 03-034](#) for individual mortgage insurer restrictions.

Prepayment Penalty

None

Pricing and Rate Locks

- Refer to daily rate sheets.
- Supplemental Origination charge \$500. THIS MUST BE DISCLOSED ON GFE

Settlement Instruments & Documents

- Notes:
 - Monthly - FNMA/FHLMC 3200 Fixed Rate Note Series or VMP005N Series
- Riders:
 - Standard FNMA /FHLMC - 1-4 Family, Second Homes, Condominium & PUD
 - Rehabilitation Loan Rider
 - NYS ONLY: Section 22 Affidavit and Notice of Lending
- Security Instruments:
 - FNMA /FHLMC 3000 Series or VMP Series VMP006A.

Temporary Buydowns

Not permitted.