

## Table of Contents

Important Terms.....	2
Request for Advance Overview	
Things to Know and Understand About the Request for Advance Process.....	3
Request for Advance Overview.....	3
Step 1 – Submit a Request for Advance Package.....	3 & 4
Step 2 – Request a Change Order (if applicable).....	4
Step 3 – Submit a Final Request for Advance Package.....	4
Step 4 – Release of Repair Escrow Funds.....	4
Step 5 – Payment of Interest from the Repair Escrow Account.....	5
Important Reminders.....	5
Loan Servicing Contact Information.....	5
Frequently Asked Questions.....	5 & 6

## Important Terms

Please familiarize yourself with the following terms that you need to know about the FannieMae HomeStyle Request for Advance process:

<b>Holdback Funds</b>	<p>As indicated in your Construction Contract form, there will be a 10% holdback on each Request for Advance. This amount will be deducted and held in the Repair Escrow Account until the entire project is complete. For example, if \$1,000 is requested, Plaza will issue a check for \$900. The \$100 difference will remain in the Repair Escrow Account.</p> <p>All monies held back will be released after all work is complete and Plaza has ensured the property title is clear of any liens.</p>
<b>Consultant Inspector</b>	<p>An individual who is also referred to as a Consultant Inspector, Fee-Consultant, Cost Consultant or Rehab Consultant. Your Consultant is the person who processed your Initial Work Write-Up/Specification of Repairs. It is your responsibility to contact your Consultant when you require an inspection. He or she will also help guide you through the rehabilitation process.</p>
<b>Contingency Fund</b>	<p>This reserve of funds is held in the Repair Escrow Account for the purpose of covering unplanned repairs that become necessary due to health or safety issues.</p>
<b>Change Order</b>	<p>Any cost overruns, changes involving the contractor, type of work, architectural exhibits, engineering plans, quality of materials or amount of materials and time to complete that differ from your original bid. All changes from the original bid must be submitted to Plaza for approval on the FannieMae HomeStyle Change Order Request (Form 1200).</p>
<b>Repair Escrow Account</b>	<p>Funds for your renovation project are held in an interest-bearing escrow account insured by the FDIC. The funds are released to you and your contractor(s) for repairs based on the original appraisal, work write-up and contractor bid(s). Included in this account are funds to pay for planned repairs, contingencies, inspections, title updates, mortgage payments and other miscellaneous fees.</p>
<b>Unused Contingency Funds</b>	<p>Any unused contingency funds after the final release has been processed will be applied to the principal balance on your loan. Please note: contingency funds are not part of the holdback funds.</p>
<b>Consultant/Lender Modification of the Request for Advance</b>	<p>When your contractor submits the Request for Advance Package (Step 1), both your Consultant and/or Plaza may adjust the amount requested, if appropriate. You will be notified of any modification to the draw request. Modification may occur if a contractor requests payment for materials prior to installation or requests payment in excess of previously agreed-upon amount and does not submit a FannieMae HomeStyle Change Order Request (Form 1200).</p>
<b>Mechanic and Materialman's Lien</b>	<p>These liens are a form of collateral that ensures payment of a debt. Contracts for home improvement work often allow contractors to place a lien against the title of the property in the event they are not paid. If your property has a lien against it, you will not be able to sell or refinance the property until the lien has been cleared. Plaza will request a lien search prior to your final disbursement to determine that the property is free of work related liens, however Plaza cannot guarantee the property will be free of all mechanics and materials liens at the time of your final disbursement.</p>

## Request for Advance Overview

Each time you request an “advance”, you are requesting a portion of funds from your FannieMae HomeStyle Repair Escrow Account. The advance request process has five basic steps, which are outlined below. **You are responsible for completing these steps**, with the help of your Consultant and your contractor. Plaza is responsible for issuing the funds for each advance in a timely manner, upon receipt of required documentation. This guide will cover each step in detail. We have also included documents/forms you may need during the process.

### Things to Know and Understand About the Request for Advance Process

- Plaza must receive a Request for Advance Package no later than 30 days after the loan closes. Work must start within 30 days of closing and may not cease for more than 30 consecutive days. Timely advance submissions will assist in moving your project through to completion in the required 6 month time period.
- Once you and your contractor have determined an advance should be made it is your responsibility to schedule an inspection with your Consultant and contractor to prepare your Request for Advance (Form 3735).
- You and your contractor should be present during each inspection to answer any questions that may arise.
- A maximum of five advance requests can be submitted as part of your FannieMae HomeStyle loan.
- Forms included:
  - Request for Advance (Form 3735)
  - FannieMae HomeStyle Change Order Request (Form 1200)
  - FannieMae HomeStyle Completion Certificate (Form 1036)
  - Conditional Waiver and Release Upon Progress Payment
  - Conditional Waiver and Release Upon Final Payment

### Request for Advance Overview

A Request for Advance is the release of a portion of funds from your Repair Escrow Account. The advance process has five basic steps. **You are responsible for steps 1, 2\* and 3.** Plaza is responsible for completing steps 4 and 5.

Steps 1 – 3 Are Your Responsibility			Steps 4 – 5 Plaza to Complete	
Step 1	Step 2	Step 3	Step 4	Step 5
Submit complete Request for Advance Package	Submit complete Change Order Request (if applicable)	Submit complete Final Request for Advance Package	Release of Repair Escrow Funds	Payment of Interest on Repair Escrow Funds

### Step 1 – Submit a Request for Advance Package

Each time your contractor requires payment for finished work, you must work with your Consultant to submit a complete Request for Advance Package.

Request for Advance Packages must contain the following documentation:

1. Request for Advance (Form 3735), including pictures of completed work. The form must be complete and signed by you, your contractor and your Consultant.
2. Appropriate Waiver and Release form
3. Proof of payment by borrower (if applicable), please contact our office for the required waiver and release form
4. Change Request Form (if applicable)
5. Consultant Invoice

## **Step – 2 Request a Change Order (if applicable)**

### **Changes to Project**

Prior approval by Plaza is required for any cost overruns or changes involving the contractor, type of work, quality or amount of materials and additional completion time. In the event of such a change, you must complete a Change Order Request (Form 1200). This form must be signed and dated by you, the contractor and the Consultant and then sent to Plaza for approval.

### **Change of Contractor**

Notify Plaza and your Consultant prior to changing contractors. If you change contractors, a property inspection may be completed. This inspection will determine if work was properly completed as well as document how much work the original contractor completed and the payment amount owed. In addition to a Change Order Request, you must submit a new Construction Contract (Form 3734), contract W-9 and license and bid before approval can be given for any future advance requests from a new contractor. Plaza will only pay the contractor who has signed a Construction Contract.

## **Step – 3 Submit a Final Request for Advance Package**

Upon completion of your project a Final Request for Advance Package must be submitted to Plaza. The final Request for Advance Package must include the following items:

1. FannieMae HomeStyle Completion Certificate (Form 1036)
2. Request for Advance (Form 3735), including pictures of completed work. The form must be complete and signed by you, your contractor and your Approved Consultant Inspector.
3. Appropriate Waiver and Release form
4. Proof of payment by borrower (if applicable), please contact our office for the required waiver and release form
5. Proof of payment by borrower (if applicable)
6. Change Request Form (if applicable)
7. Consultant Invoice

## **Step – 4 Release of Repair Escrow Funds**

Request for Advance are processed within 5 business days of receipt of a complete Request for Advance Package. Please allow at least 10 business days for receipt of payment. Checks are payable to the borrower and contractor and are sent to the borrowers property address, unless a mailing address is on file.

**Note:** Final Request for Advance are processed within 5 days of receipt, however, a title search is performed, prior to release of funds. Title searches may take up to 5 days, therefore, you should allow 15 business days for receipt of funds.

## Step – 5 Payment of Interest from the Repair Escrow Account

Once Plaza has released the final balance of funds including holdback funds, any amount remaining in the Repair Escrow Account will be applied to the principal balance of the loan. This includes any unused contingency funds, inspection fees or mortgage payments, along with the earned interest on the Repair Escrow Account funds.

### Important Reminders

- Work must start within 30 days of the loan closing. Request for advances are to be submitted timely to keep the project on track. Work must not cease for more than 30 consecutive days.
- Project must be complete within six (6) months from the date the loan closed.
- Plaza will only pay the contactor who has signed the Construction Contract. You should contact Plaza for instruction, if a change in contractor is required.
- Do not use or plan to use your contingency reserve fund without prior approval from Plaza.
- Do not perform any of the work yourself. All work must be performed by the general contractor and/or sub-contractors previously authorized to perform said work.
- It is your responsibility to contact your Consultant to schedule inspections for each Request for Advance.
- All repairs and work performed on your home must be approved by your Consultant and Plaza. Do not perform work on your home outside of the planned scope of work approved by Plaza and your Approved Consultant Inspector. If your scope of work changes, please see step 2.

### Loan Servicing Department Contact Information

- Contact Plaza's Loan Servicing Department at 1-888-807-2620, option 2 or by email at [plazaservicing@plazahomemortgage.com](mailto:plazaservicing@plazahomemortgage.com), if you have any questions or need assistance.
- By fax at 858-812-0311
- By mail at:

Plaza Home Mortgage, Inc.  
Loan Servicing Department  
4820 Eastgate Mall, Suite 100  
San Diego, CA 92121

### Frequently Asked Questions

#### 1. Where can I locate the required forms?

Copies of this package along with the required forms can be printed from our website at: <https://www.plazahomemortgage.com/customerservice/>.

## **2. What if I need to change contractors?**

It is very important that you notify Plaza before changing contractors. The original contractor must be notified in writing (proof of delivery required) and must be given ten (10) days to respond. A property inspection may need to be ordered to document the amount of work completed by the original contractor and the payment amount owed. The new contractor must be approved by Plaza and a Construction Contract form, new contractor bid, license, insurance, and IRS W-9 form must be completed before approval will be granted on Request for Advance requests.

## **3. What if there is additional work to be completed and I need to use contingency funds to pay for it?**

Plaza must approve all extra work prior to installation in order for your contractor to be paid from contingency funds. Your Consultant and contractor must provide a detailed description of the work with the material and labor costs noted and submit a Change Order Request form. All additional work must meet loan eligibility guidelines and must be inspected.

## **4. When can I expect to receive funds?**

Request for Advance are processed within 5 business days of receipt of a complete Request for Advance Package. Please allow at least 10 business days for receipt of payment. Checks are payable to the borrower and contactor and are sent to the borrowers property address, unless a mailing address is on file.

**Note:** Final Request for Advance are processed within 5 business days of receipt, however, a title search is perform, prior to release of funds. Title searches may take up to 5 days, therefore, you should allow 15 business days for receipt of funds.

**EXHIBIT C**  
**REQUEST FOR ADVANCE**

TO: \_\_\_\_\_  
(Disbursing Agent)

RE:

Borrower, Property & Contractor Information:

Loan Disbursement Information:

Borrower's Name			Date of Loan	Advance # _____ (the "Advance")
Account Number			Original Loan Commitment Amount	\$ _____
Property Address			Balance of Loan Commitment Amount Before this Advance	\$ _____
City	State	Zip	Amount of this Request for Advance	\$ _____
Construction Loan Agreement  Dated:  General Contractor:			Less: Holdback	\$ _____
			Net Amount of This Request for Advance	\$ _____
			Loan Commitment Amount Remaining after this Request for Advance	\$ _____
			Total of Amounts Advanced after this Request for Advance	\$ _____
			Total Holdbacks to Date	\$ _____

By signing below, Borrower and Contractor represent and agree that:

- (i.) They have reviewed the Plans; the Plans are satisfactory and have been approved by all Governmental Authorities having jurisdiction over the Property and the Work;
- (ii.) The Improvements do not violate any of the conditions, covenants or restrictions on the Property;
- (iii.) There are no defaults under the terms of the Loan Agreement, any other Loan Document, or under the Construction Contract;

- (iv.) The Work for which this Request for Advance is made has been duly completed in a good and workmanlike manner, in accordance with the Plans and in compliance with all Governmental Regulations;
- (v.) The Loan Commitment Amount remaining will be sufficient to complete all Improvements contemplated by the Loan Agreement or the Plans or the Construction Contract;
- (vi.) Lender has received invoices, and unconditional construction lien releases from the General Contractor, and each Supplier for all Work covered by this Request for Advance, and for all Requests for Advance previously submitted;
- (vii.) The funds obtained with the Request for Advance will be used to pay in full the costs of labor performed or materials supplied as requested in this Request for Advance;
- (viii.) There has been no material adverse change in Borrower's financial condition or employment status since the time Borrower applied for the Loans.

By signing below Borrower and Contractor request Lender to pay the following payee(s) in the following amount(s):

\_\_\_\_\_ in the amount of \$ \_\_\_\_\_  
 \_\_\_\_\_ in the amount of \$ \_\_\_\_\_  
 \_\_\_\_\_ in the amount of \$ \_\_\_\_\_  
 \_\_\_\_\_ in the amount of \$ \_\_\_\_\_  
 \_\_\_\_\_ in the amount of \$ \_\_\_\_\_  
 \_\_\_\_\_ in the amount of \$ \_\_\_\_\_

\_\_\_\_\_  
 Contractor

By: \_\_\_\_\_  
 Authorized Signature

\_\_\_\_\_  
 Date

Its: \_\_\_\_\_  
 Title

\_\_\_\_\_  
 Borrower's Signature

\_\_\_\_\_  
 Date

By signing below the authorized [LENDER] representative named below approves the disbursement requested in this Request for Advance but, to the extent permitted by applicable law, makes no warranty or representation as to the quality of work completed and/or materials delivered thus far.

[LENDER] ("Lender")

By: \_\_\_\_\_  
 Authorized Representative

\_\_\_\_\_  
 Date





# HomeStyle® Change Order Request

THIS IS A MODEL DOCUMENT FOR USE IN HOMESTYLE LOAN TRANSACTIONS. THIS FORM IS PROVIDED AS AN EXAMPLE AND IS NOT VALID AND ENFORCEABLE IN ALL JURISDICTIONS. LENDERS SHOULD CONSULT WITH LEGAL COUNSEL TO ENSURE THAT ALL FORMS USED TO ORIGINATE CONSTRUCTION-TO-PERMANENT MORTGAGES ARE APPROPRIATE, AND THAT ALL LEGAL INSTRUMENTS ARE COMPLETED CORRECTLY AND IN COMPLIANCE WITH APPLICABLE LAW.

Case Number: _____	Date: _____
Lender Name: _____	
Change Order Request Number: _____	
Borrower Name(s): _____	Phone #1: _____
_____	Phone #2: _____
Subject Property Address: _____	
_____	
Contractor Name: _____	
Address: _____	
_____	
Point of Contact: _____	
Phone#: _____	Fax#: _____
Alternate#: _____	

Original Contract Cost: \$ \_\_\_\_\_ Original Completion Date: \_\_\_\_\_

The Contract Changes are described below. Attach supporting documentation as needed.

1.	\$ _____
	(Cost)
2.	\$ _____
	(Cost)
3.	\$ _____
	(Cost)
Please list supporting documents: _____	Total Cost: \$ _____

The total cost of the changes listed above is \$ \_\_\_\_\_. The total cost of the renovation, including the changes described above, is now \$ \_\_\_\_\_. The date of completion is now estimated to be \_\_\_\_\_ based on the modifications in the Change Order Request.

Borrower and Contractor agree to the terms stated above:

Borrower: _____	Contractor: _____
Date: _____	Date: _____

Approved By:	
Lender Name: _____	Title: _____
Date: _____	



# FannieMae

## HomeStyle® Completion Certificate

This form is a model document and may not comply with applicable law in all jurisdictions. Lenders choosing to follow the form should consult with counsel and modify the form to comply with all applicable laws. This Form must be executed by the Borrower, the Contractor, and, if applicable, the Inspector, and must be submitted to the mortgage lender.

Fannie Mae or Lender Loan Number:	
Name and Address of Lending Institution:	Name and Address of Borrower(s):
Address of Improved Property:	Loan Product (check one): <input type="checkbox"/> HomeStyle Renovation Mortgage <input type="checkbox"/> Other: _____
<b>Borrower:</b> (We) certify that: (1) The loan proceeds have been spent only to purchase the property or refinance existing liens on the property, and on eligible property improvements. (2) The property improvements have been completed in accordance with the work estimate. (3) I am satisfied with the work.  Signature of Borrower(s) Date: _____  1. _____ 2. _____	<b>Inspector (if applicable):</b> <b>Summary of On-Site Home Improvement Inspection:</b>      <b>Inspector (check one):</b> <input type="checkbox"/> Lender or its agent <input type="checkbox"/> Appraiser <input type="checkbox"/> Architect <input type="checkbox"/> Rehabilitation Consultant
<b>Contractor:</b> The undersigned certifies that: (1) The loan proceeds have been spent on eligible property improvements. (2) The property improvements have been completed in accordance with the work estimate. (3) The borrower signed this certificate after the completion of the property improvements.  Signature of Contractor Date: _____  _____	The undersigned certifies that: (1) I carefully inspected this property on the date below. (2) The work described above has been completed in accordance with the plans and specifications or other specified documents. (3) I have no personal interest, present, or prospective, in the property, applicant, or proceeds of the loan.  Signature of Inspector Date: _____  _____



Conditional Waiver and Release Upon Progress Payment

***This form is to be used by a contractor when requesting draw/advance payments 1 – 4.***

Borrower(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

Property City, State, Zip code: \_\_\_\_\_

Upon receipt by the undersigned of a check from Plaza Home Mortgage, Inc. in the sum of

\$\_\_\_\_\_ payable to \_\_\_\_\_

and when the check has been properly endorsed and has been paid by the bank upon which it is drawn, this document shall become effective to release any mechanic's lien, stop notice, or bond right the undersigned has for work performed on the above referenced property owned by the above referenced borrower(s).

This release covers a progress payment for labor, services, equipment, or material furnished only and does not cover any retentions retained before or after the release date; extras furnished before the release date for which payment has not been received; extras or items furnished after the release date. Rights based upon work performed or items furnished under a written change order which has been fully executed by the parties prior to the release date are covered by this release unless specifically reserved by the claimant in this release. This release of any mechanic's lien, stop notice, or bond right shall not otherwise affect the contract rights, including rights between parties to the contract based upon a rescission, abandonment, or breach of the contract, or the right of the undersigned to recover compensation for furnished labor, services, equipment, or material covered by this release if that furnished labor, services, equipment, or material was not compensated by the progress payment.

Before any recipient of this document relies on it, said party should verify evidence of payment to the undersigned.

Date: \_\_\_\_\_

Company: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_



Conditional Waiver and Release Upon Final  
Payment

***This form is to be used by contractor when a request for final payment is being made.***

Borrower(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

Property City, State, Zip code: \_\_\_\_\_

Total Completed: \$ \_\_\_\_\_

Total Received: \$ \_\_\_\_\_

Total Completed Minus Total Received: \$ \_\_\_\_\_

Total Due: \$ \_\_\_\_\_

Upon receipt by the undersigned of a check from Plaza Home Mortgage, Inc., in the amount of \$ \_\_\_\_\_, and when the check has been properly endorsed and has been paid by the bank upon which it is drawn, this document shall become effective to release any mechanic's lien, stop notice, or bond right the undersigned has on the above referenced property owned by the above referenced borrower(s).

This release covers the final payment to the undersigned for all labor, services, equipment, or material furnished on the job, except for disputed claims for additional work in the amount of \$ \_\_\_\_\_.

Date: \_\_\_\_\_

Company: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_