



Plaza's Fannie Mae HomeStyle® Renovation Loan Program

Wholesale and Mini-Correspondent Loan Origination Partners

May 2023

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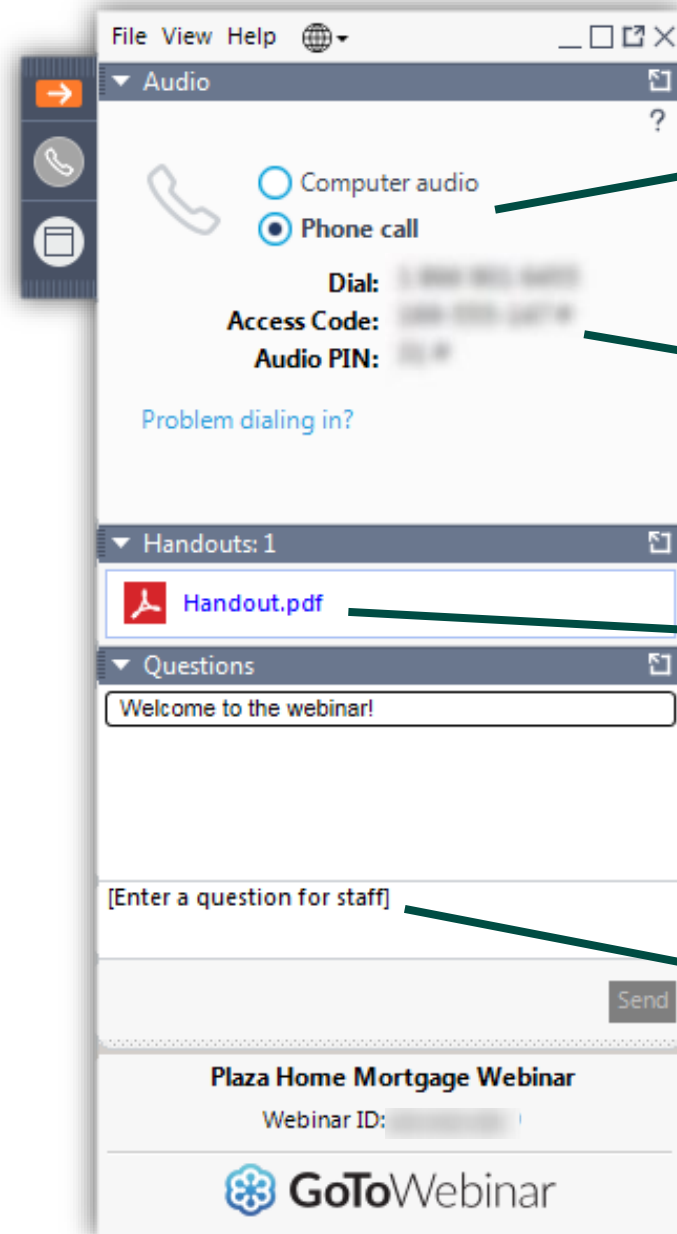


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Presenter



Ragen Cunningham
Plaza Home Mortgage
VP, National Renovation Lending Division

Agenda



Why Renovation?



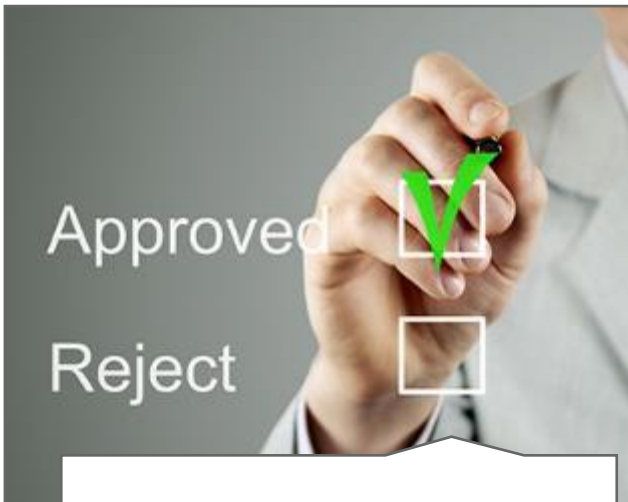
Guidelines



Forms



Contractor Approval & HUD Consultant



Bid Approval



After Closing
Draw Management

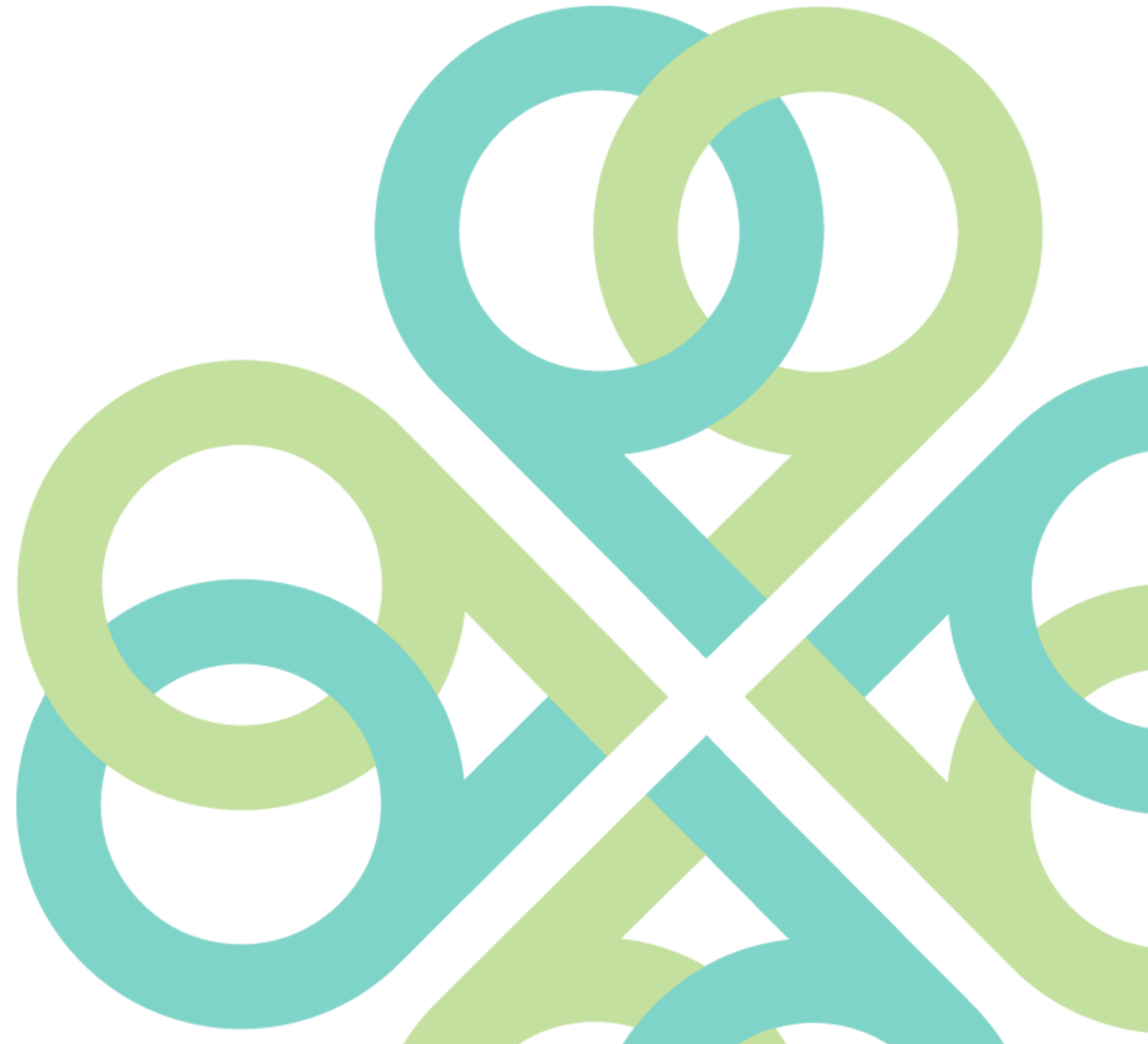


Process Flow



Resources

Why Renovation Loans?



What is a Renovation Loan?



- Not every home is move-in ready. Single-close loan includes renovation funds in the amount financed.
- Single loan for financing the mortgage, repairs & upgrades, based on the **As-Completed** value of the home.
- Eliminates the need for a second mortgage or the need for a refinance to pay off a construction loan.
- Personalize home improvements or make additions/improvements to the current home instead of moving, saving real estate costs.



A map of the United States where each state is colored based on the decade it was admitted to the Union. The colors are: 1920s (purple), 1950s (dark blue), 1970s (light green), 1980s (orange), 1990s (red), and 2000s (blue).

Decade	States
1920s	None
1950s	CA, HI, IL, IN, KS, MI, MN, MO, NY, OH, PA, RI, VT, WA, WI
1970s	AK, AR, CO, CT, DE, FL, GA, HI, MS, NE, NM, NV, OR, SD, TN, TX, VA, WV, YK
1980s	AL, AZ, AZ, HI, LA, ME, NH, MA, RI, VT, WA, WI
1990s	None
2000s	None

Finding Your Target



“Save a Loan”



Up-and-Coming Neighborhoods



Working from Home



Educating from Home



Sandwich Generation



Deferred Maintenance

The Renovation “Buzz”



The power of media on Renovation

A change in the market and a huge surge of interest with Renovation TV shows; HGTV, Fixer Upper, Rehab Addict, This Old House®, Property Brothers...the list goes on and on!



Homeowners Want Improvements!



Source: <https://www.remodeling.hw.net/cost-vs-value/2023/>

Project Type	Job Cost \$ (Mid-range)	Cost Recouped %
Bathroom Addition	\$104,733	26.6%
Bathroom Remodel	\$39,710	46.0%
Deck Addition (Wood)	\$17,051	50.2%
Garage Door Replacement	\$4,302	102.7%
Major Kitchen Remodel	\$77,939	41.8%
Roofing Replacement (Shingles)	\$29,136	61.1%
Master Suite Addition	\$157,855	30.0%

Everyone Benefits



Borrower	Real Estate Agent	Loan Officer
Ability to explore more home choices for purchase	New streams of business	Networking
Can immediately add equity to the home	Overcome objections to a potential purchase – provide the solution	Train your partners
Advantageous for the First Time Home Buyer, no need to save up for the home repairs, needs and wants	Ability to provide borrowers with additional options in other school districts and areas	Tough listings
Avoiding high interest rate credit cards for home repairs	Not having to say NO to borrowers	Creating a brand – Renovation Expert
Borrowers can purchase the appliances they may not own	Tool in the toolbelt	Get paid when the loan closes

Provide the opportunity to add equity...



Location: Atascadero, CA

Sales Price: \$170,000

Repairs: \$74,224

After Improved Value: \$375,000

Instant Added Equity: **\$130,776**

Location: Corbett, OR

Sales Price: \$330,000

Repairs: \$28,896

After Improved Value: \$400,000

Instant Added Equity: **\$41,104**

Location: Chicago, IL

Sales Price: \$335,000

Repairs: \$125,000

After Improved Value: \$685,000

Instant Added Equity: **\$200,000**

Location: Dallas, TX

Sales Price: \$295,000

Repairs: \$29,593

After Improved Value: \$340,000

Instant Added Equity: **\$15,407**

Location: Trenton, NJ

Sales Price: \$68,300

Repairs: \$28,000

After Improved Value: \$190,000

Instant Added Equity: **\$93,700**

Location: Wailuku, HI

Sales Price: \$360,000

Repairs: \$78,983

After Improved Value: \$510,000

Instant Added Equity: **\$71,016**

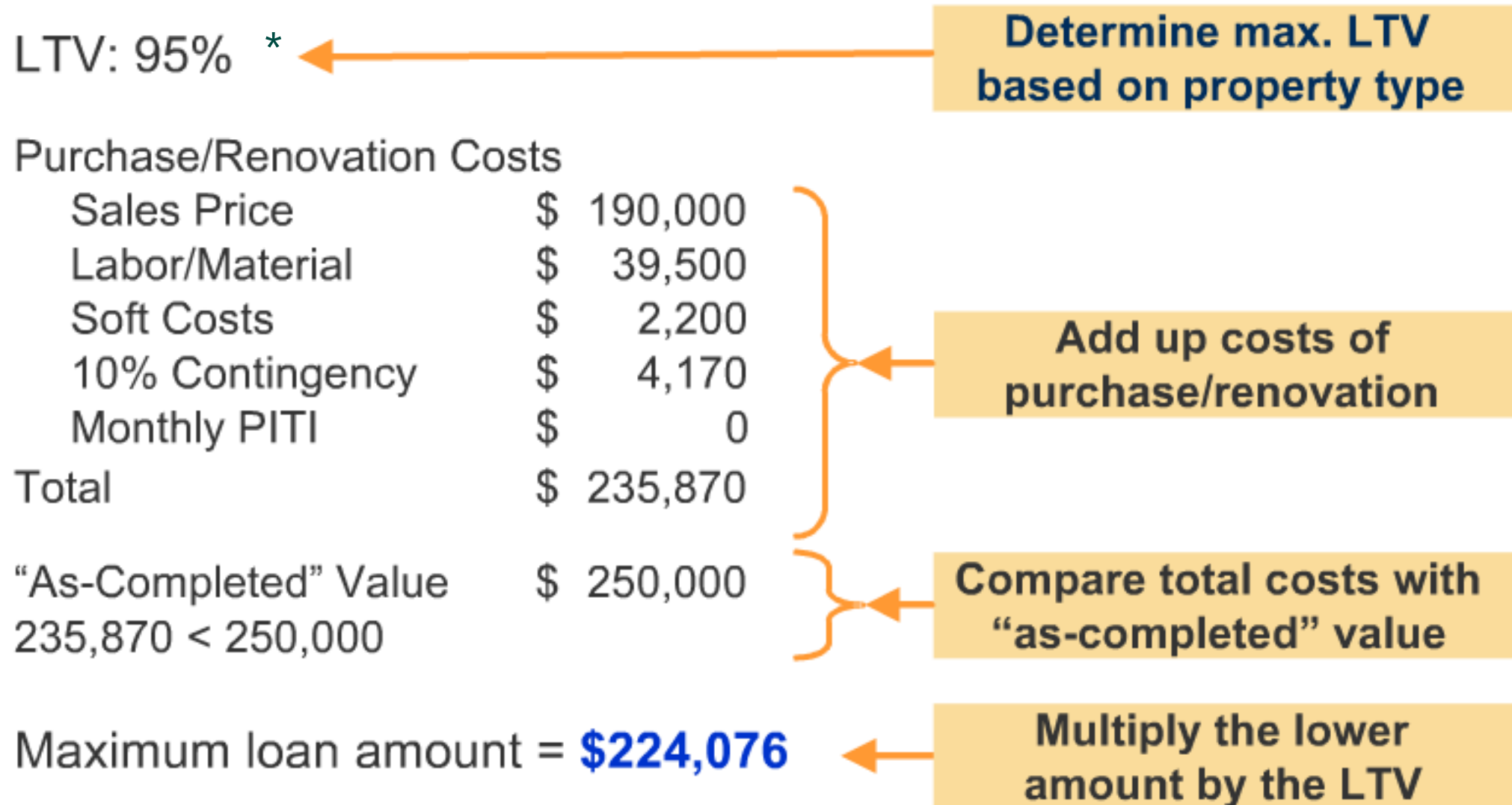
Determining the Maximum Purchase Money Loan Amount



- Renovation costs can be up to 75% of As-Completed value
 - Labor and materials
 - Soft costs (fees, permits, licenses)
 - 10-15% Contingency reserve required
 - May include monthly PITI payments (up to six months) if borrower is not able to live in the property during the construction period
- LTV based on the lesser of:
 - “As-Completed” appraised value –or –
 - Purchase price + renovation cost
- Use Form 1035
 - HomeStyle Renovation Maximum Mortgage Worksheet
 - Calculate the maximum mortgage amount available
 - Available at www.fanniemae.com/singlefamily



Let's Look at a Purchase Example



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*LTV/CLTV to 97% for FTHB purchase transactions or refinances of loans owned or securitized by Fannie Mae.

Determining a Refinance Maximum Loan Amount



Renovation costs can be up to 75% of As-Completed value

- Labor and materials
- Soft costs (fees, permits, licenses)
- 10-15% Contingency reserve
- May include monthly PITI payments (up to six months) if borrower has to vacate the property during the construction period
- Closing costs

$$\text{LTV} = \frac{\text{loan amount}}{\text{"As-Completed" appraised value}}$$

- An "As-Is" value is not required on refinances; a second appraisal is not needed.
- Cash-out refinances are not permitted. Zero cash in hand at closing.

Let's Look at a Refi Example



LTV: 97%*



Determine the maximum LTV based on the property type

As-Completed Value = \$ 250,000

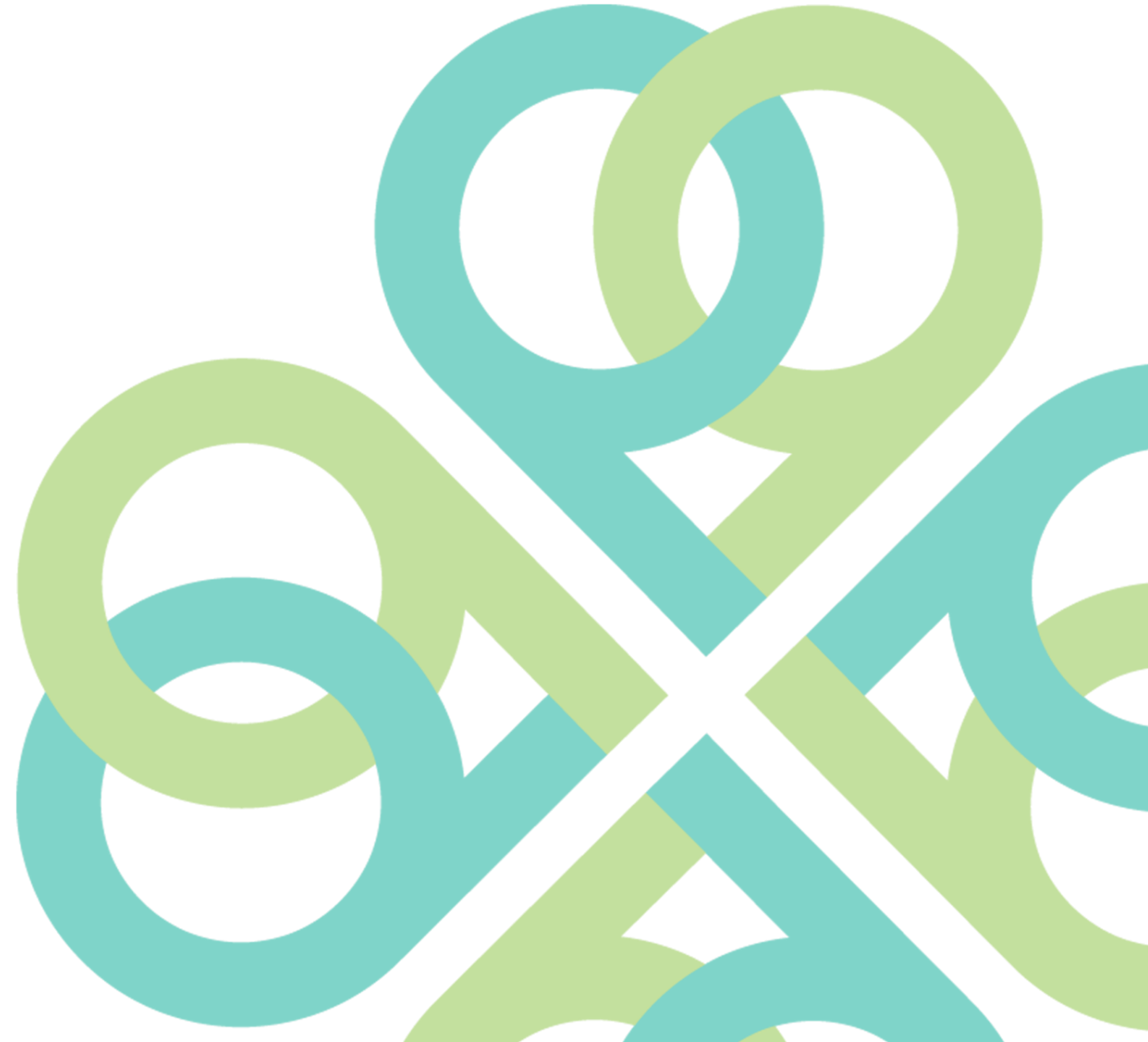
Renovation costs **cannot exceed 75%** of as-completed value (\$187,500)

Maximum loan = \$ 237,500 (97% of \$250K)

*97% for Fannie Mae retained loan

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Guidelines



Qualification Guidelines



- ✓ Fixed Rate – 15 and 30 year term – purchase or refinance, and high balance
- ✓ Can be coupled with an energy improvement (EI) feature
- ✓ Attached/Detached SFRs and PUDs
- ✓ 2-4 Units primary residence
- ✓ Second Homes and Investment Properties (SFR Only)
- ✓ Low-rise/high-rise condos
- ✓ Non-occupant co-borrowers are allowed
- ✓ Manufactured homes eligible for non-structural improvements up to a maximum of \$50,000, capped at 50% of the as-completed appraised value.



Program Matrix



HomeStyle Conforming					
Primary Residence Purchase and Rate/Term Refinance					
Property Type	LTV	CLTV	Max Loan Amount	Min Credit Score	Max DTI
1 Unit	97% ¹	97% ¹	Per County Limit	Per DU & MI	Per DU & MI

- ¹. Additional requirements for loans with LTV > 95%:
- High Balance loan amounts are not eligible.
 - Must receive a DU Approve/Eligible finding.
 - Purchase: At least one borrower must be a first-time homebuyer or the loan must be a HomeReady loan.
 - Rate/Term Refinance: Existing mortgage must be a Fannie Mae loan.
 - All borrowers must occupy the property.
 - Manufactured housing is not eligible.

HomeStyle Conforming and High Balance ¹					
Primary Residence					
Purchase and Rate/Term Refinance					
Property Type	LTV	CLTV	Max Loan Amount	Min Credit Score	Max DTI
1 Unit	95%	95% ²	Per County Limit	Per DU & MI	Per DU & MI
Manufactured Housing ¹	95%	95%		Per DU & MI	Per DU & MI
2 Units	85%	85%		Per DU & MI	Per DU & MI
3-4 Units	75%	75%		Per DU	Per DU
Second Home ³					
Purchase and Rate/Term Refinance					
1 Unit	90%	90%	Per County Limit	Per DU & MI	Per DU & MI
Manufactured Housing ¹ (Multi-wide only)	90%	90%		Per DU & MI	Per DU & MI
Investment Property ^{1,3}					
Purchase					
1 Unit	85%	85%	Per County Limit	Per DU & MI	Per DU & MI
Investment Property ^{1,3}					
Rate/Term Refinance					
1 Unit	75%	75%	Per County Limit	Per DU	Per DU

¹. Manufactured housing is not eligible for High Balance loan amounts or investment property transactions.

². Max CLTV for a conforming balance loan with a Community Second is 105%. Max CLTV for a High Balance loan with a Community Second is 95%.

³. HomeReady loans are not eligible for second homes or investment properties.

HomeStyle Draws

STANDARD

Up to 5 draws

- Funds are disbursed as work is completed.
- Each draw request will have a 10% holdback fund to be paid with the final draw
- HUD Consultant to inspect at the time of each draw

LIMITED

1 draw

- After all the work has been inspected and completed



Allowable Renovation Costs



Renovation costs are limited to 75% of the “As-Completed” appraised value of the home and may include:

- Labor and materials
- Property inspection fees
- Architectural and engineering fees
- Independent consulting fees
- Permits and licenses
- Other documented fees including fees for energy reports, appraisals, review of renovation plans, feasibility studies, and fees charged for processing renovation draws.
- Contingency reserve at 10-15%
- A payment reserve of up to six months PITI is permitted when the borrower must vacate the property during renovation.
 - The amount can be financed in the loan amount if the value will support such financing.
 - The reserve is allowed only for the period in which the property is uninhabitable due to the renovations.

Contingency Fund



10% of the actual repair amount will be held in the repair escrow account. This fund is for the purpose of covering unplanned repairs that become necessary due to health or safety issues. This contingency fund is capped at 10% or 15% if utilities are off at the time of appraisal inspection.

- **Financed Contingency Fund** – Any unused funds are returned as a principal reduction and do not affect payment.
- **Borrower Funded Contingency Fund** – Alternatively, the contingency can be funded with the borrower's own funds and not be financed. The funds must be provided at closing from a documented source (not borrowed or financed). If not required for repairs, the funds would be returned to borrower at completion of the renovation and at final closeout.

Holdback Fund



10% of the total draw request amount will be deducted and held in the repair escrow account until the entire project is complete. For example, if \$1,000 draw is requested, Plaza Home Mortgage will issue a check for \$900. The \$100 difference will remain in the repair escrow account.

All monies held back will be released after all work is complete and Plaza Home Mortgage has confirmed that the property's title is clear of any liens.



Condos



- Renovation must be permissible under bylaws of the homeowners' association or for which the homeowners' association has given written approval.
- The renovation work must be limited to the interior of the unit, including the installation of fire walls in the attic.
- Florida condos have additional restrictions. Refer to the "Geographic-Specific Project Considerations" section in Plaza's *Conventional Underwriting Guidelines* for additional details.



Property Eligibility



Eligible

- ✓ Attached/detached SFRs
- ✓ Attached/detached PUDs
- ✓ Low-rise/high-rise condos
- ✓ 2 to 4-unit primary residence
- ✓ SFR with single ADU
- ✓ Second Homes and Investment Properties (SFR Only)
- ✓ Manufactured homes
 - Eligible for non-structural improvements up to a maximum of \$50,000 capped at 50% of the as-completed appraised value

Ineligible

- ✗ 2 to 4-unit investment properties
- ✗ Commercial properties
- ✗ Condotels
- ✗ Properties listed on a Historical Register
- ✗ Cooperatives
- ✗ Geodesic dome homes
- ✗ Geothermal homes
- ✗ Mobile homes
- ✗ Non-warrantable condos
- ✗ Timeshares
- ✗ Working farms, ranches, orchards

Eligible Improvements



As long as the repairs are attached/permanently affixed to real property they are acceptable on HomeStyle.

There are no required improvements.

There are very few restrictions on the types of repairs allowed.

There is no minimum dollar amount for the repairs.

Renovations must be completed within a six-month period from the note date.

Built-in outdoor BBQs and kitchens, in ground swimming pools.

Detached garages and free-standing ADUs/buildings are now allowed.

Kitchen and utility appliances will be allowed as part of an overall remodeling project that includes substantial changes or upgrades to the rooms in which the appliances are placed.

Ineligible Improvements

- ✗ Moving a house from another location onto the subject property
- ✗ Improvements that result in commercial use or are commercial in nature
- ✗ SFR dwelling converted to 2-4 unit property
- ✗ 2-4 unit property converted in to SFR dwelling
- ✗ Oil tank removal or repairs
- ✗ This program may not be used for complete tear-downs, foundation up construction and reconstruction of the dwelling.



Borrower Provided Materials

- Materials provided by the borrower may be allowed but cannot be financed in the loan amount.
- All materials provided by the borrower must be new from the manufacturer and be documented with paid invoices, and
- Source of funds to acquire the materials must be documented, and
- The HUD Consultant must provide photos of the borrower provided materials
- Materials must be documented on the bid and the contractor must provide the labor



Materials Draw at Closing



- **The Contractor's Bid must clearly document the specific materials, costs, type, and amount of materials, and total amount of materials draw for which funds are to be advanced.**
- Checks will be made payable to the borrower and contractor.
- A maximum of 50% of materials or \$25,000 whichever is the lesser may be advanced at closing.
- Borrower(s) can not be reimbursed for down payments/deposits to contractor
- Materials Draw must be for materials only, labor not allowed.
- A Materials Draw is not included in the max. of 5 draws.



Pool Program



Projects consisting of only a pool installation may follow these reduced requirements:*

- Reduced documentation and simplified process. Applicable when project consists only of a pool, pool decking, and/or fencing or netting immediately surrounding the pool.
- Materials draw available at closing. Lesser of \$15,000 or 25% of the total project cost may be advanced at closing for material costs for items ordered and not yet paid for.
- Simplified bid requirements. All work to be performed must be fully described; bids are not required to separate labor and material costs.
- Permits. While permits must still be obtained and referenced, an itemized listing of all permits and their costs is not required.
- No holdback fund required. Plaza will fund each draw in its entirety and not withhold 10% of the draw.
- 10% contingency reserve is required.

*Other than stated above, all standard program requirements apply.



Limited HomeStyle



For smaller, more simple projects that meet the requirements below, and that can be completed with a single draw, a HUD Consultant is **not** required:

- Total project cost not to exceed **\$25,000**.
- **\$25,000** must include fees, contingencies and repairs.
- Project must be completed using a single draw.
- The appraiser will perform the single final inspection.
- No HUD Consultant required.
- An additional cost to this program 2x \$150 for cost of inspection.

Note: All other projects require a HUD Consultant

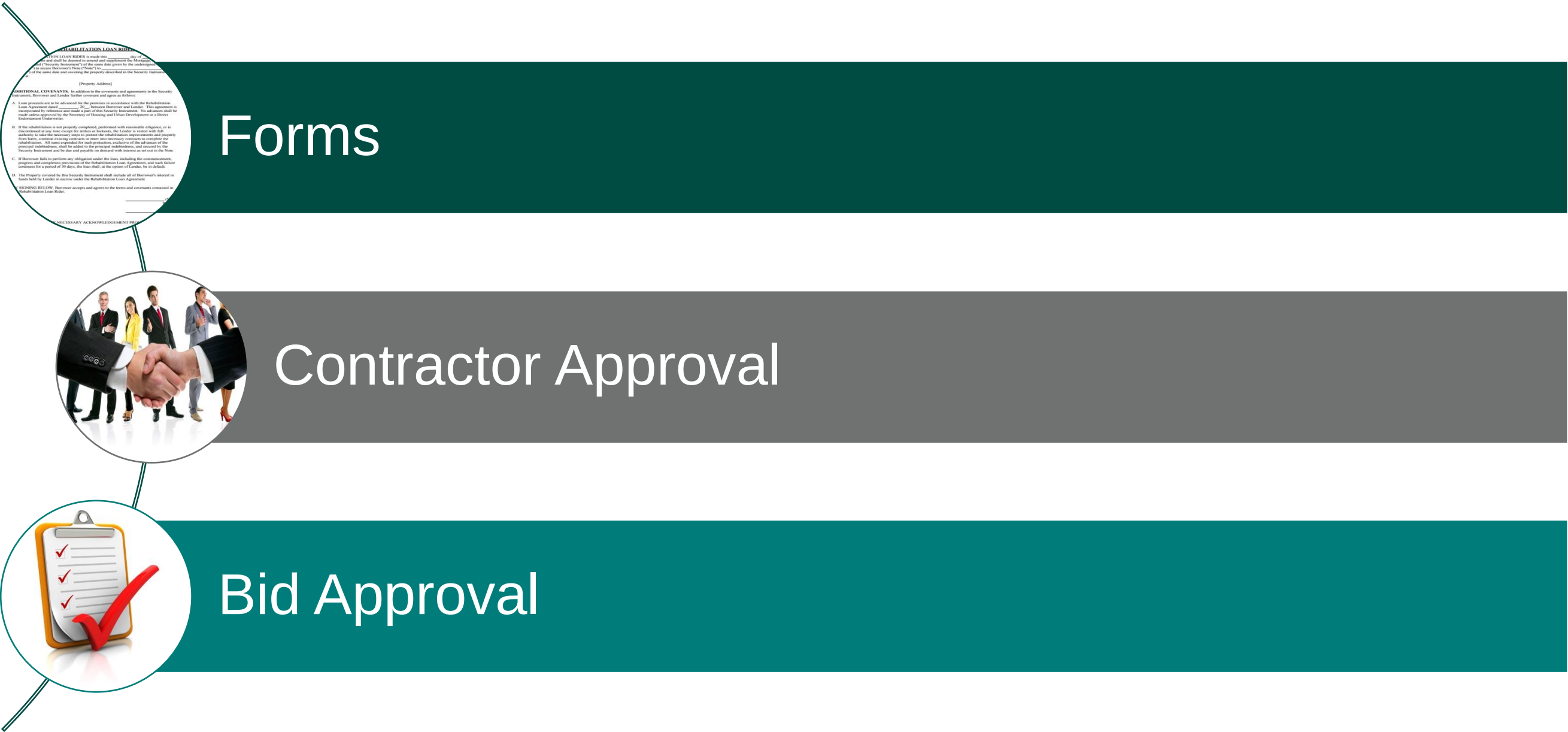
TRID & HomeStyle Fees



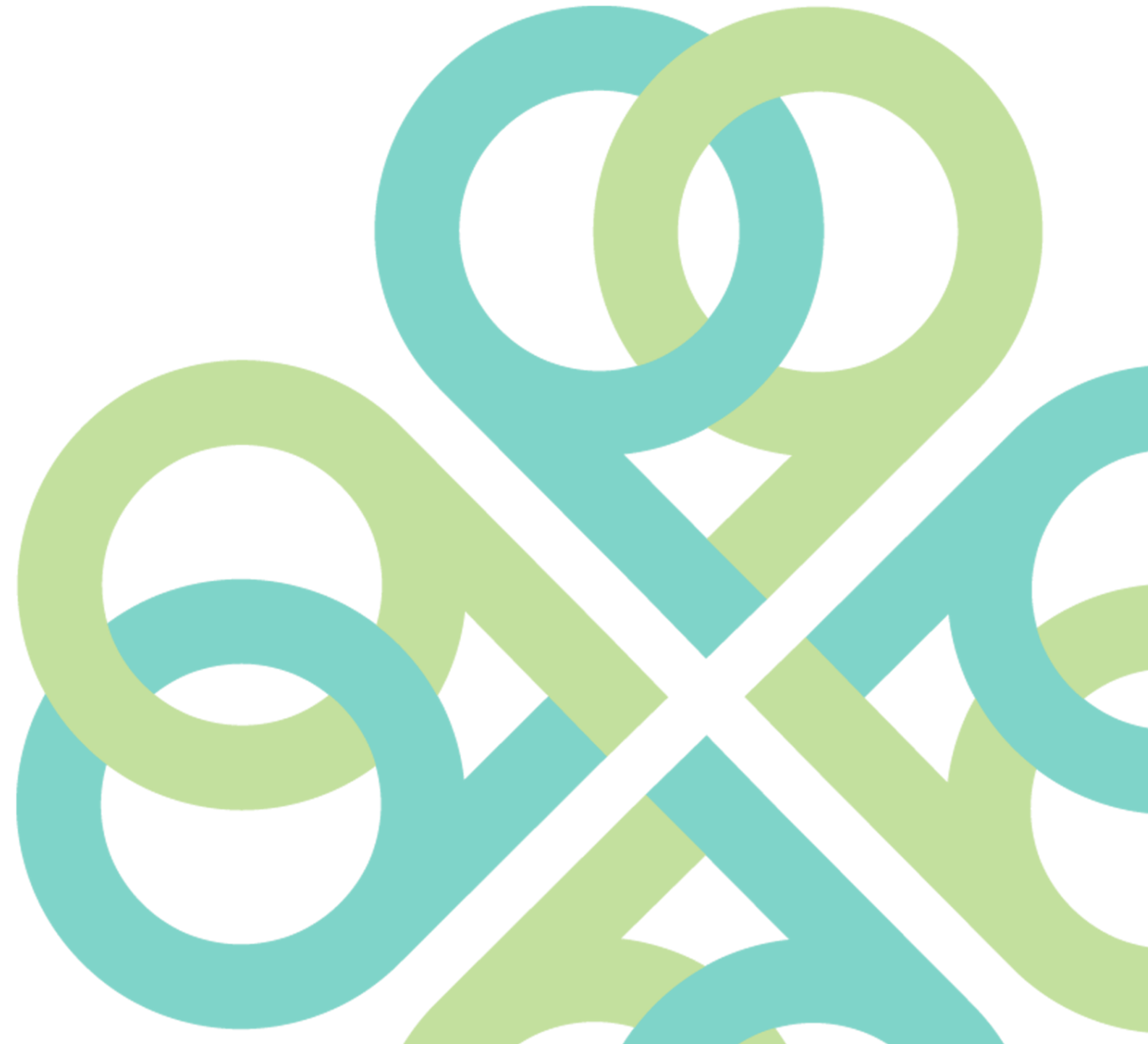
Fee	APR Fee	CD Section	Fee Tolerance	Fee Definition	MMW	Payee
R/C Permit Fee	N	B/H	Zero Tolerance	As Required	Line C1g	Borrower/ Contractor
R/C Draw Inspection Fee (Interim Inspections)	Y	B	Zero Tolerance	Number of draws X \$150 for inspections. Limited always 2 x \$150 *No HUD Consultant	Line C1e	Lender*
HUD Consultant Fee	Y	B/C	Section B/C Tolerance	Based on WWU fee. See HUD Consultant for fee amount	Line C1d	Consultant
HUD Consultant Inspection fee(s)	Y	B/C	Section B/C Tolerance	X the number of draw inspections. Fee amount set by HUD Consultant ONLY	Line C1e	Lender*
R/C Title Fee	N	B	Section B/C Tolerance	\$200 Required DO NOT PAY TITLE	Line C1f	Lender*
R/C Architecture/Engineering fee(s)	N	B/C	Section B/C Tolerance	Fee to architect or engineer for plot, plans, drawings or inspection.	Line C1c	Architect or Engineer
Reno Improvement Holdback Fund	N	H	Unlimited Tolerance	Required - Total amount of bid less materials draw	Line A1	Lender*
Contingency Reserve – Cash	N	H	Unlimited Tolerance	Required if not financed.	Approval	Lender*
Contingency Reserve – Finance	N	H	Unlimited Tolerance	Required if not paid by cash.	Line A2	Lender*
R/C Loan Payment Reserve- financed Borrower	N	H	Unlimited Tolerance	Optional reserve to cover escrow payments during construction	Line C1h	Lender*
Reno Loan Draw – Materials Only	N	H	Unlimited Tolerance	Max allowed \$25,000	N/A	Borrower/ Contractor

Note: Renovation funds are not considered fees. Funds are retained for completion of the renovation project.
*Funds paid to Lender will be used to pay Third Party.

The Big Three



Forms



HomeStyle Required Forms



Forms Required for Submission	Closing Docs and Disclosures	Servicing Forms
1035 HomeStyle Renovation Maximum Mortgage Worksheet	3731 Renovation Loan Agreement	Draw Request Form Request & Schedule of Advances
1202 Contractor Profile Report	Draw Request Form Request & Schedule of Advances	1200 HomeStyle Change Order Request
3730 Renovation Contract	3732 and 3733 Riders	3739 Lien Waiver (to be completed with each draw)
W-9 for contractor and HUD consultant		

[illegible]

Contractor Approval & HUD Consultant



HUD Consultant and Inspections



- A HUD Consultant must be used for draw inspections.
- A HUD Consultant can be used for a work write-up or feasibility study; however, this is not required. These costs can be included in the loan amount.
- HUD Consultants must provide an invoice for actual costs of draw inspections and a W-9 prior to closing.
- HUD Consultant and/or Contractor will determine number of draws needed.
- A draw request and lien waiver must be provided with each draw request.
- At final draw, a certification must be documented on the appraisal updated with a 1004D.



Contractor Welcome Pack and Bid Template



Dear Contractor,

Congratulations on being selected as the contractor for this project (Plaza) utilizing Fannie Mae's HomeStyle home improvement loan and contractors work through the construction process.

A few commonly asked questions

- ✓ How do I get paid? Contractors will only be paid in draws (max of 5 draws). Plaza will not make a complete.

- Once a portion of work is completed and inspected, the Contractor will be paid by a Construction Consultant. The Consultant will verify all work has been completed in accordance with the specifications. The Consultant will prepare the Draw Request. This contract must be submitted to Plaza. Once a complete draw is submitted, Plaza will release the funds to the Contractor, typically within 10 business days.

Please note: Each draw will have a 10% retainage held back until the final payment is released with the final payment.

- No money may be disbursed up front for materials.
- All projects permits must be submitted to Plaza.
- At the time of final draw:
 - o An inspection will be completed by a third party.
 - o A final lien waiver will be signed by the Contractor. The final payment will be updated.
 - o The final payment will be released.
 - o The repair escrow account will be closed.

- ✓ What items are needed in the scope of work? The Contractor must provide the name and contact information; and proper description of the work to be completed (e.g., broken out brick, etc.), the quality and quantity of materials, and a description of permits must be included.

- ✓ A draw schedule is required on the scope of work.

Sample Draw Schedule

Draw 1: Demo, Framing, Windows, and Exteriors
Draw 2: Rough Plumbing, Rough Electric, and Ductwork
Draw 3: Insulation, Drywall, Priming, Int Doors
Draw 4: Flooring, Ceramic, Vanities, Trim
Draw 5: Install Kitchen, Finish Plumbing, and Finish Electrical
Work to begin 10-10-2017 and to be completed 4-10-2018
All subcontractors and suppliers must also be identified.

RACE CITY USA CONSTRUCTION & REMODELING

Proposal for:

I hereby propose to furnish the materials and provide the labor necessary to complete the following work to your home:

KITCHEN/BREAKFAST AREAS

1. REMOVE APPLIANCES AND SAVE TO REINSTALL LATER.
2. REMOVE EXISTING COUNTERTOPS, SINK, FAUCET, DISPOSAL, CABINETS
3. REMOVE ALL PANELING ON WALLS AND BASEBOARDS IN BREAKFAST AREA.
4. REMOVE EXISTING EXTERIOR DOOR. PURCHASE AND INSTALL NEW DOOR WITH KEYS.
5. ROUGH IN KITCHEN AND BREAKFAST AREA FOR 8 RECESSED LIGHTS. CLIENT TO CHOOSE PENDANT LIGHT COLOR & DESIGN.
6. INSTALL NEW 3FT. X 6FT ISLAND AREA WITH 3 - 2 SHELF CABINETS WITH THREE NEW ELECTRICAL OUTLETS TO BE ADDED.
7. TO PERFORM ELECTRICAL WORK - LIC.
8. INSTALL NEW 5/8 INCH WHITE BASEBOARDS IN ENTIRE KITCHEN. CLIENT TO SELECT BASEBOARD DESIGN & COLOR.
9. INSTALL TILE BACKER BOARD ON WALLS FOR BACKSPLASH TILING.
10. INSTALL MOSAIC TILE BACKSPLASH. CLIENT TO CHOOSE COLOR.
11. INSTALL 4 - 3 SHELF DOUBLE DOOR CABINETS ON WALL, 2 - CABINETS ON LOWER SECTION, 1 - LAZY SUSAN TYPE CABINET CORNER, 4 - 2 SHELF SINGLE DOOR CABINETS ON LOWER SECTION, 4 - ABOVE 2 SHELF DOUBLE DOOR CABINETS ON LOWER SECTION, 4 - ABOVE 2 SHELF SINGLE DOOR CABINETS ON LOWER SECTION, 4 - DOOR PANTRY (PANTRY DOORS TO BE FROSTED GLASS), CHERRYWOOD.
12. INSTALL HANDLES AND HARDWARE ON ALL CABINETS AND PANTRY.
13. INSTALL SMOOTH SURFACE SILSTONE COUNTERTOPS. CLIENT TO CHOOSE COLOR.
14. INSTALL NEW SEAMLESS QUARTZ SINK. CLIENT TO CHOOSE STYLE.



FannieMae

Contractor Profile Report

Contractor Information

Loan Number: _____
Borrower Name: _____ Co Borrower Name: _____
Contractor Name: _____
Address: _____
Point of Contact: _____
Phone Number: _____ Fax Number: _____

Organization

Type of Organization: Corporation ☐ Partnership ☐ LLC ☐ Joint Venture
Other Number of years in which organization has been in business under present jurisdiction legally licensed/qualified to conduct business: _____

Tax ID Number: _____ License Numbers: _____

Financial References

Banks/Creditors/Bonding Company

Insurance

Insurance Company with Type, Amount of Coverage, Contact, and Phone Number

Client References

Provide three (3) client references for completed services similar to the nature, size and scope of this project.
Note: Projects included in the reference must have been completed within the last twelve (12) months.

Name: _____ Phone Number: _____
Address: _____
City, State, Zip: _____
Beginning Date of Project: _____ Ending Date of Project: _____

Description of Nature, Size, and Scope of service

Project completed in a timely and satisfactory?

If No, Please explain



Contractor's Specifications of Repairs/Bid

Revised 9/17/2019

Contractor Name: _____ License #: _____

Contractor Address: _____

Borrower(s) Name: _____

Property Address: _____

Bid Date: _____ Project Start Date: _____ Completion Date: _____

Type of Renovation Loan:

- ☐ FHA Standard 203(k) ☐ FHA Limited 203(k) ☐ VA Renovation
☐ FNMA HomeStyle ☐ FNMA HomeStyle Limited ☐ FNMA HomeStyle Pool
☐ FHLMC CHOICERenovationSM ☐ FHLMC CHOICERenovationSM Limited ☐ FHLMC CHOICERenovationSM Pool

Limited 203(k) Only: Contractor: Initial to verify repairs are non-structural. Initials: _____

VA Renovation: Contractor: Initial here to acknowledge that structural repairs are minor, do not require engineer or architect and must be completed within 4 months. Initials: _____

The undersigned contractor agrees to furnish the following materials, improvements, labor, and/or services:

Location of Work	Detailed Description of Each Repair Including Quality and Quantity of Materials	Material Cost	Labor Cost	Total	Permit Required
		\$	\$	\$ 0.00	☐
		\$	\$	\$ 0.00	☐
		\$	\$	\$ 0.00	☐
		\$	\$	\$ 0.00	☐
		\$	\$	\$ 0.00	☐

Contractor Requirements



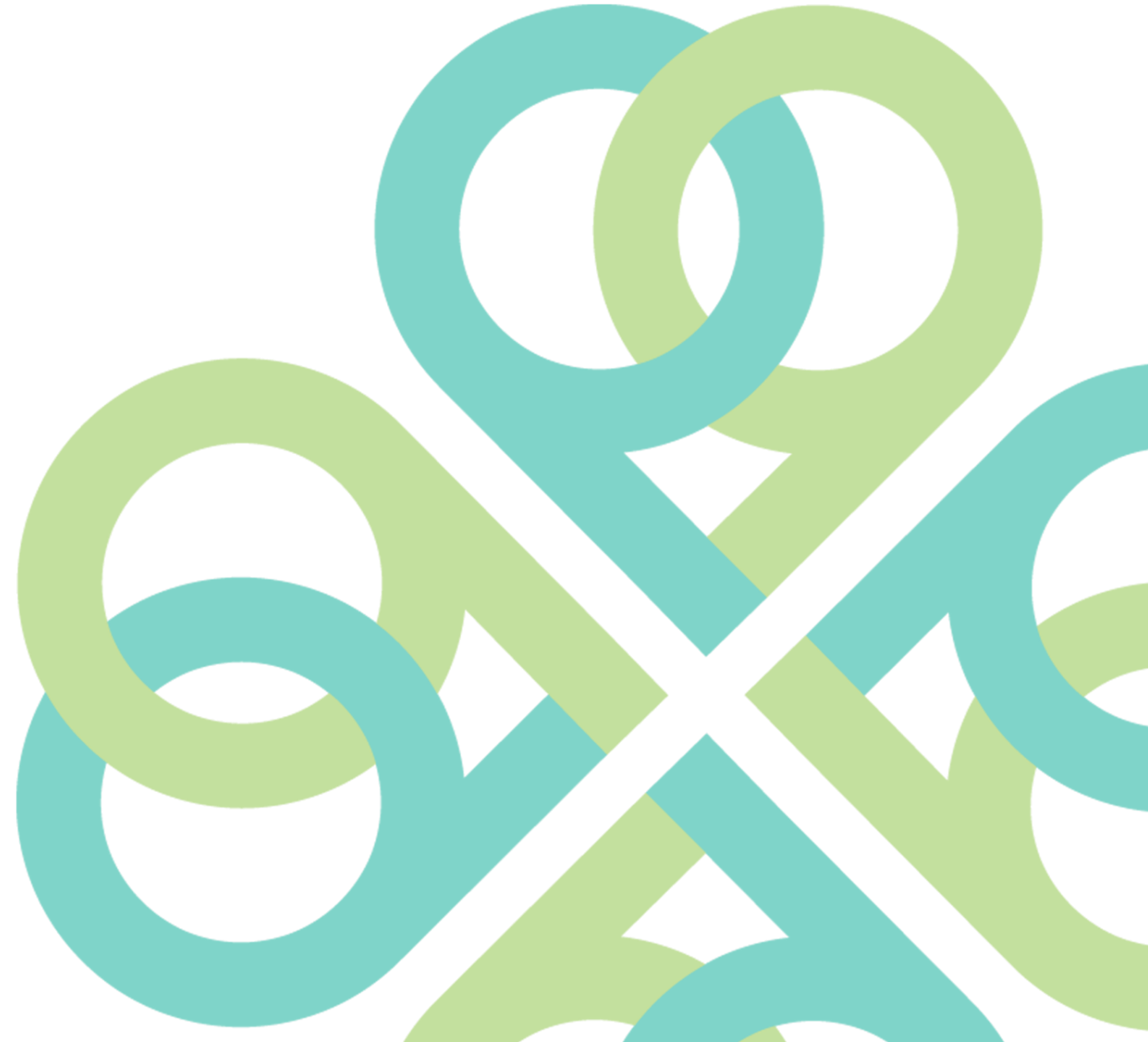
Contractor to provide:

- **License**
- **Bond**
- **W-9 (must be current year)**
- **\$1 million in liability insurance**
- **Contractor Profile Report**

- One General Contractor allowed
- All renovation work must be performed by licensed contractor.*
- Plaza follows state and local issuing authority for contractor approval.
- Borrower chooses contractor; however, lender must determine contractor is qualified.
- Plaza will review contractor to determine if adequately qualified and experienced for work to be performed.
- Contractor Profile Report Form 1202 completely filled out and signed.
- All licenses will be verified with state or local issuing agency.

**If environmental safety items are included in repairs or appraisal, a verification of lead based paint, mold or radon licensing will be required.*

Contractor Bids



Contractor Bids



Bids are provided by the Contractor and must include:

Must be provided on contractor letterhead.	Cost for materials and labor broken out for each repair.
Include contractor’s address info and license.	All permits are identified and broken out per cost: • Borrower cannot provide or pay for out-of-pocket any required permits. • Work items that require permits be indicated.
Borrower(s) name and property address.	Bid must state the agreed-upon cost of renovation including total repair amount for each section as well as a grand total.
Signed and dated by all parties.	Bids are to be included with the appraisal order.
All work that the contractor agrees to perform work for the borrower, and its exact location, i.e., hall bathroom, left side of house, bedroom number 2.	An itemized description that establishes the schedule for completing each stage of the work and the corresponding payments to be made to the contractor. Including all required details if a materials draw is requested.
All work must be itemized with a detailed repair description.	All subcontractors must be identified and licenses provided.

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Contractor Bid Best Practices



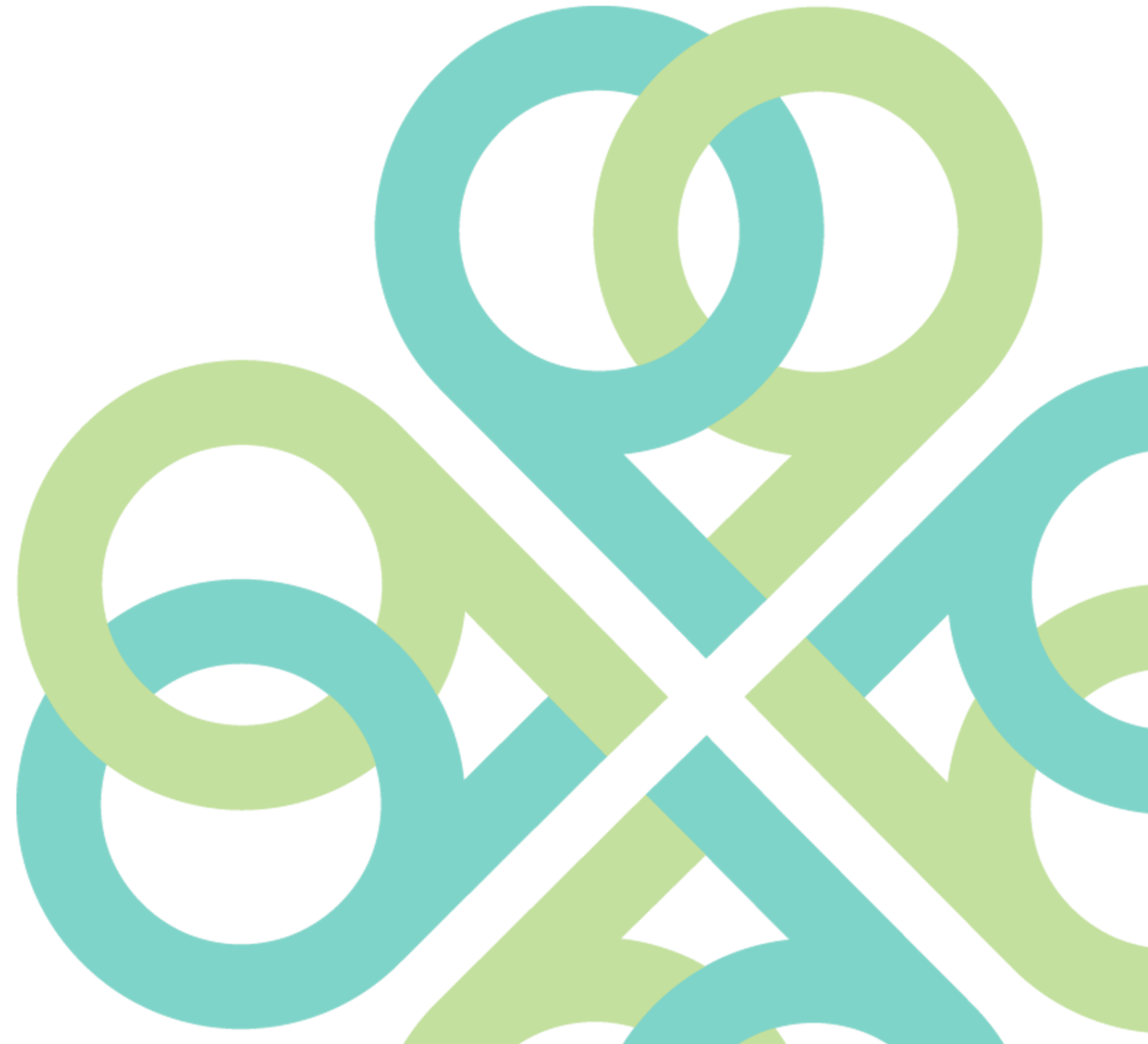
- Specific details such as color, make, model not required unless non-standard units.
- A contractor bid must be provided in addition to and cannot be substituted for, a work write up (WWU).
- Must match the Construction Contract/Homeowner Contract Agreement.
- A finalized copy of the bid/cost estimate must be included in the appraisal.
- When an appraisal report identifies the need for health and safety repairs that were not included in the contractor's proposal, the underwriter must ensure the newly identified items/repairs are updated and included in the contractor's final bid.



Self Help



After Closing Draw Management



Renovation Draw Management



A “Welcome Call” is placed to the homeowner(s) from our Renovation Draw Management Team. They will:

- Explain how the renovation process will work, answer any questions.
- Inquire if the borrower would like their “Welcome Package” emailed or sent regular mail, confirm the address where they want their checks sent.
- Advise that the “Welcome Package” includes information about the process, any forms needed and a toll free number and email address for them to use if they have any questions.



Draw Management Contact Information

Hours of Operation: 8 am – 5 pm Pacific Time

Toll Free: 1-855-970-1233

Fax: 1.858.332.1861

Email: RenoServicing@PlazaHomeMortgage.com

Draw Processing



- Borrower will notify Plaza Servicing at time of Draw Inspection.
- Draw request will be prepared and provided to Plaza's Renovation Draw Management department.
- A draw will include:
 - Lien waiver - use FNMA waiver Form 3739.
 - Draw Request
 - Inspection
- Plaza will issue a 2-party check made out to the borrower and contractor.
- Plaza limits the number of draws to 5 total.
- Photographs are required to document completion of renovation.

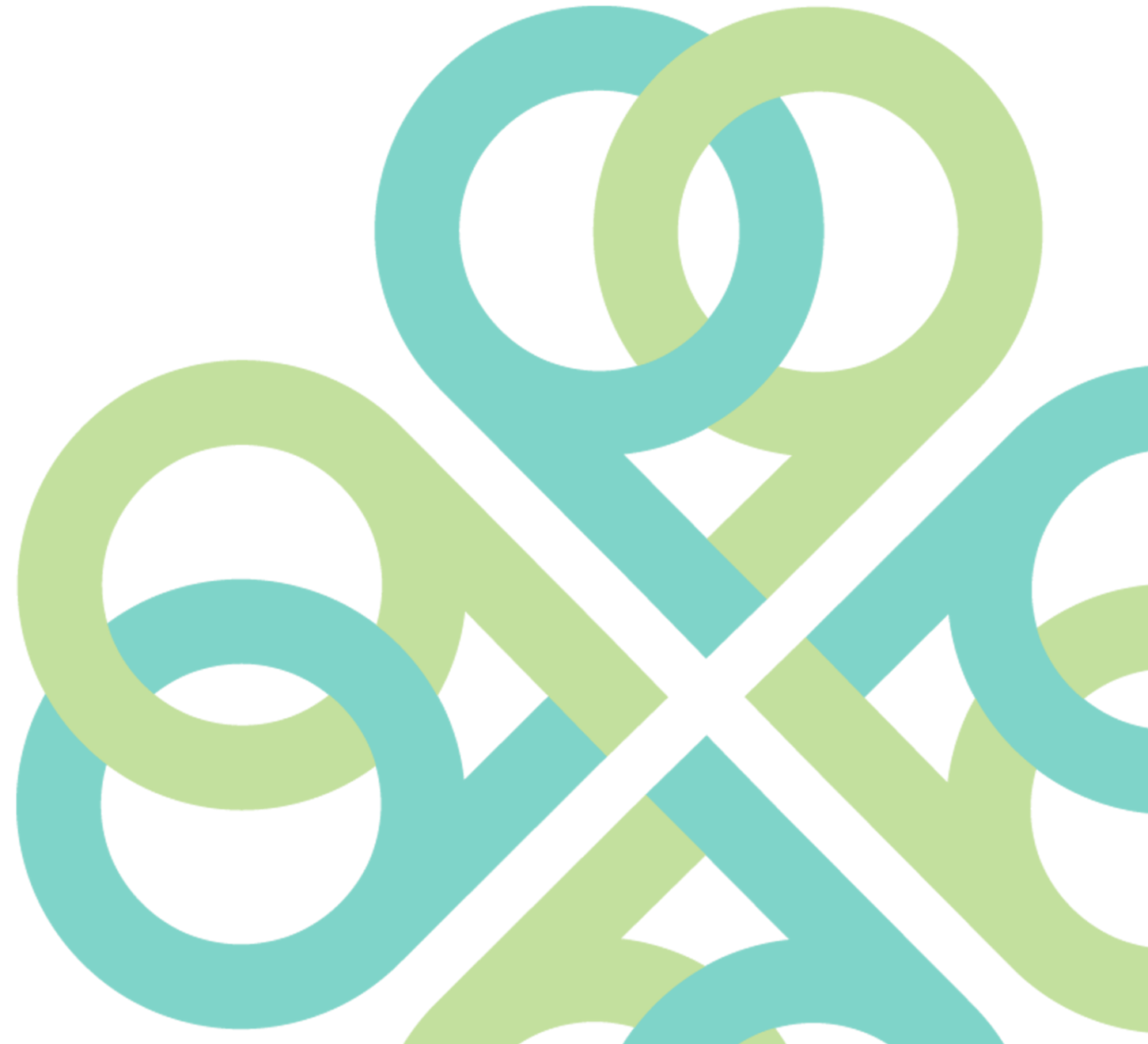
Common Errors



Below are some common items that prevent delays in either loan purchasing and/or draws:

- Missing and/or inaccurate W-9's. Must be able to validate the TIN/SSN provided via third party source. It is suggested that the client validates prior to closing on their side to ensure there is no delay at the time of purchase.
- Missing licenses and/or documentation not provided to support license not required
- Expired licenses
- Insufficient insurance and/or exception not obtained for less than \$1M in liability when less than \$1M is acceptable per state requirements
- Discrepancies between CD and MMW
- Correct amount not charged for title update or inspection fees
- Final CD does not have fees disclosed in the proper sections and payees are incorrect or missing
- Loans not submitted in a timely manner after closing which makes it difficult to meet our 45 day deadline for purchase

Process Flow



Process Steps



Step 1: Borrower Finds a Property



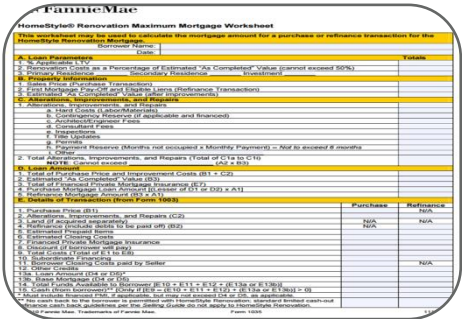
Step 2: Review the Purchase Contract



Step 3: Borrower, Contractor and HUD Consultant meet at Property



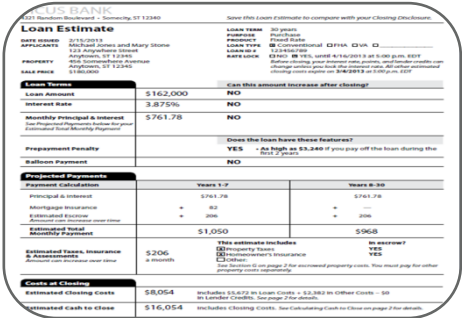
Step 4: Meet with Contractor, obtain Plans, Bid and Specs



Step 5: Complete the Renovation Maximum Mortgage Worksheet 1035



Step 6: Complete Renovation Contract and Contractor Approval



Step 7: Disclosing Fees (TRID)



Step 8: Submit to Plaza and order Appraisal



Step 9: Underwriting



Step 10: Closing

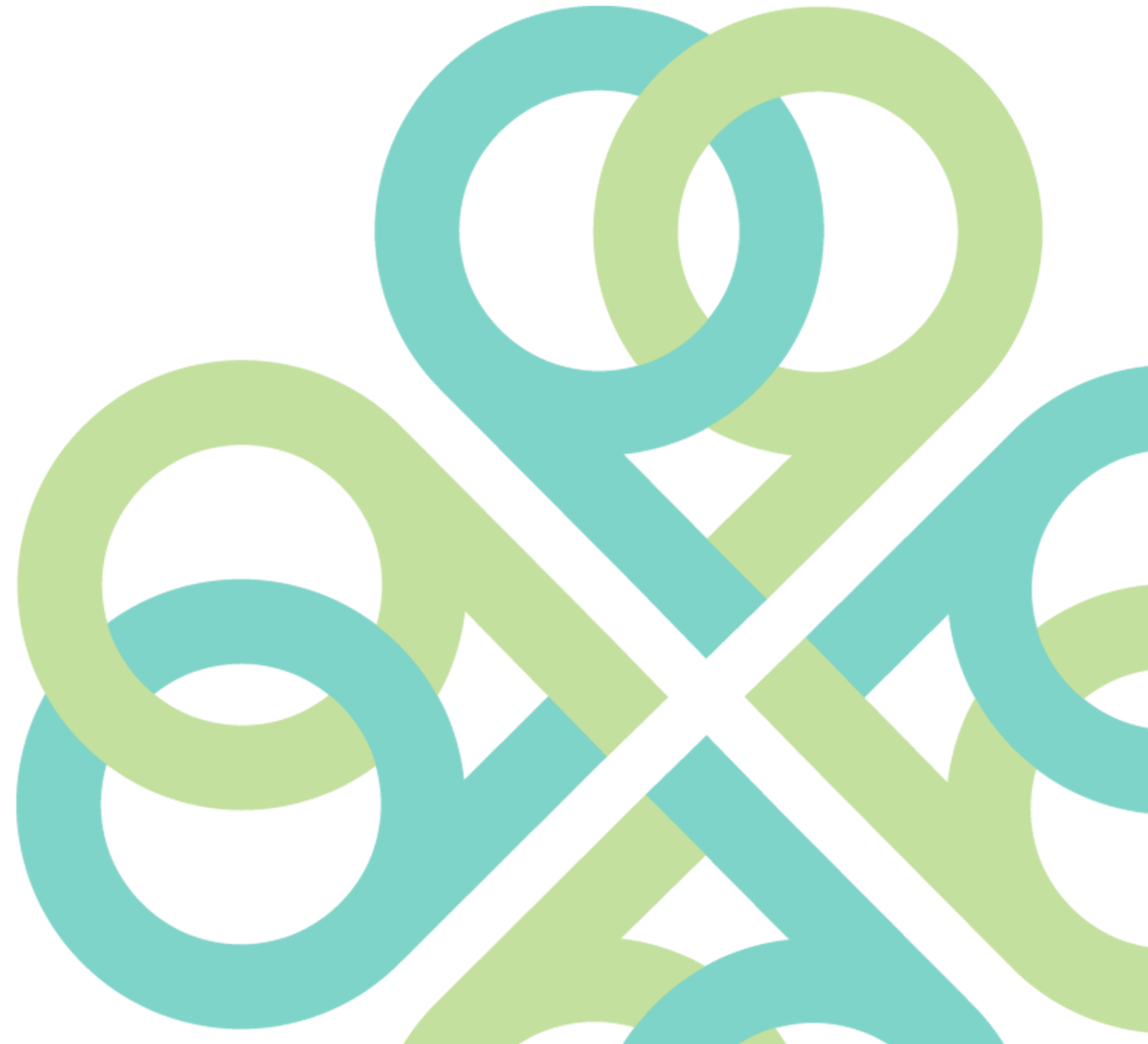


Step 11: Welcome Call from Servicing and Renovation Begins



Step 12: Final Inspection (1004D) Completion

Resources



Helpful Links



Fannie Mae HomeStyle Renovation web page:

- <https://www.fanniemae.com/singlefamily/construction-renovation-energy>

Fannie Mae HomeStyle Selling Guide:

- <https://www.fanniemae.com/content/guide/selling/b5/3.2/02.html>

Approved HUD Consultants by state:

- <https://entp.hud.gov/idapp/html/f17cnsldata.cfm>

Useful links ▶

New Income Streams Think Outside the Box



Providing the opportunity to stand out as a Specialty Originator!



Set up displays in a home remodeling or an outdoor living/pool store



Roofer



Home Remodeler



EDUCATION! Create your own presentation for a real estate office



Become certified to teach a free CE class hour (check with your local issuing authority)



Become a deal saver business partner. Search for those “dirty dog” listings



Get a bid, create a color board & develop a one-sheet with monthly payments

Plaza's Website



plazahomemortgage.com

BROKER LOGIN

MINI-CORRESPONDENT LOGIN

CORRESPONDENT LOGIN

REVERSE LOGIN



WHOLESALE

MINI-CORRESPONDENT

CORRESPONDENT

REVERSE

ABOUT US

CONTACT US

This Just In!



PLAZA NOW OFFERING
**USDA RENOVATION
LOANS**



Plaza's Website





Breeze Portal 01

 Client Resources 

 Contact Plaza 

 My Account 

Dashboard

Loans In Progress
2

Loans Ready for ICD

Actions Required 0

Locks 0

Plaza Home Mortgage Website

Turn Times

Program Guidelines

Product Snapshots

Underwriting Guidelines

Lock Policy

Forms

Mortgagee Clause

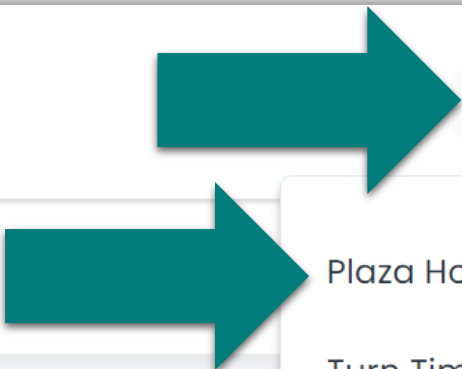
Condo/Co-op Project Search

Quick Pricer

Create a Loan

Locks Expiring Soon

Contact Lock Desk



Welcome User > Log Out BREEZE Support

Affordable Housing Options with Plaza

Learn More



- Bank Statement Calculator >
- Loan Services
- Rates

> Wholesale News

- Client Approval
- Lock Policy
- Turn Times >

> Market News

Forms

All Forms

Appraisal Waiver

Condo HOA Questionnaire

New Projects 5+ Units

Condo HOA Questionnaire

Established Projects 5+ Units

Renovation Specialist Team



Jim Pontious
Renovation Specialist
East



Jessica Parchment
Renovation Specialist
West



Garret Reyes
Renovation Specialist

Thank You for Attending!



Q & A

Webinar recording, slide deck, and other resources will be emailed to you within the next 24 hours. Check your junk/spam folder if you do not receive the email.

Please let us know your thoughts on the survey form when you exit the webinar. We value your feedback!

If you have any questions or comments, please feel free to contact your Plaza Account Executive or reno@plazahomemortgage.com.