

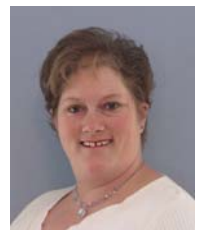
SalemFive[®]

MORTGAGE

- ★ Founded in 1855
- ★ More than 35 Mortgage Loan Officers who live and work in your neighborhood.
- ★ Lending in MA, NH, RI, ME, CT & FL
- ★ Largest servicer of mortgage loans headquartered in New England.
- ★ Finances the purchase of more homes than any Massachusetts Bank.



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Fannie Mae's HomePath Loan Program

The FNMA Home Path loan program is a streamline loan program for FNMA's REO properties. The loan program cannot be used for any other property that is not designated as a Home Path property. There are two different Home Path programs, Home Path and Home Path Renovation. Below are the bullets each of the two programs:

HomePath® | mortgage

Eligible Property Types:

- 1 – 4 Unit principle residence (Condos allowed)
- 1 Unit second home
- 1 – 4 Unit Investment Property

Product Types:

Fixed Rate, ARM products, 40 year terms and Interest Only

Down Payment Requirement:

- 1 Unit Principle residence: Minimum 3%
- 2 Unit Principle residence: Minimum 20%
- 3-4 Unit Principle residence: Minimum 25%
- 1 Unit second home: Minimum 10%
- 1 Unit Investment Property: Minimum 10%
- 2 Unit Investment Property: Minimum 20%
- 3-4 Unit Investment Property: Minimum 25%

No Private Mortgage Insurance

No Appraisal Requirement

6% Seller Concession allowed

Less than 20% down requires minimum 660 credit score, 720 for IO

Must receive DU Approved/Eligible, EA-1/Eligible Underwriting findings

HomePath® | renovation mortgage

Eligible Property Type:

- 1 – 4 Unit Principle Residence
- 1 Unit second home
- 1 – 4 Unit investment property

Product Types:

Most standard Fixed Rate and ARM products

Downpayment Requirements:

- 1 Unit Principle residence: Minimum 3% (Value based on as-completed value, or purchase price plus renovation cost, whichever is less for primary residence, 1 Unit)
- 2 – 4 Unit principle residence: Minimum 25%
- Second Home: Minimum 10%
- Investment Property: 1 Unit Minimum 15%, 2 – 4 Unit Minimum 25%

NO PMI

Appraisal IS required to determine value (As Completed)

Up to 6% of the sales price allowed towards closing costs/pre paid

Less than 20% down requires 660 minimum credit score

DU Underwriting Approved/Eligible, EA-I/Eligible

Renovation component built into loan amount; must be:

*Less than or equal to 35% of the "as completed" value AND

*Less than or equal to \$35,000.

Renovation funds held in escrow Lender manages draws, inspections, title updates to protect Fannie Mae's first lien position. Excess funds will be used to reduce principal or fund additional improvements. Renovation must be completed within six months of loan closing.



Salem Five's Way to a Successful 203K Streamline 203K Loan

Sequence of events from start to finish:

1. Salem Five Loan Originator meets with borrower to discuss qualification process, program details and program requirements.
2. Salem Five Loan Originator gives borrower a list of eligible improvements that may be included in work.
3. Borrower and General Contractor determine what work the borrower would like completed.
4. General Contractor draws up details job estimate that needs to be signed by borrowers and GC.
5. If the property is winterized the Contingency Reserve needs to be 15%. If property is not winterized the Contingency Reserve should be 10% but does not need to be.
6. At this point we input the loan and submit to my loan analysts. We also mail out the borrower's application, disclosures TIL and GFE.
7. We will also send the borrower all the docs needed to be completed by them and the General Contractor, such as the Homeowner/Contractor Agreement, W-9 Form and the Contractor Profile Report along with the checklist for Items Needed for 203K Streamline (attached).
 - Only two draws are allowed on a Streamline 203K
 - ½ at closing
 - Remainder at completion of work
 - The balance will be disbursed once ALL work is completed. If total work is greater than \$15,000, the original appraiser will inspect the property to ensure all work has been completed.
 - It can take up to 30 days once all work is completed and inspected for borrower/contractor to receive their final payment.



Checklist for Items Needed for Streamline 203K Loan

- Detailed job estimate from Contractor signed by Borrower(s) and Contractor
- Copy of Contractors GC License
- Copy of Contractors Liability Insurance Policy, showing the borrower's name and the property address as the Insured/Certificate Holder.
- Contractor to fully completed and return W-9 form
- Contractor to fully complete and return Contractor Profile Report
- Contractor & Homeowner to fully complete and return Homeowner/Contractor Agreement

Please note in the middle section of this form, the cost to complete work needs to be the same as the Contractor's job estimate. The estimated completion date needs to be filled in as well.

Please note it will take approximately 45-60 days from closing for the investor to purchase and set up the borrower's account. They will receive ½ of the money at the closing and ½ when all of the work is complete. Once ALL work is completed the borrower can request their last draw through the investor. The investor will coordinate with the borrower and the original appraiser to inspect the property to ensure ALL work is completed. All this information will be in the borrower's welcome package from the investor after closing.





Eligible Repairs for Streamline 203K

Minimum amount of repairs \$5,000 (investor guidelines)

The following is a list of repairs that are allowed:

- § Repair/replace roofs, gutters and downspouts
- § Repair/replace/upgrade existing HVAC systems
- § Repair/replace/upgrade plumbing and electrical systems
- § Repair/replace/ existing flooring
- § Minor non-structural remodeling
- § Exterior and interior painting
- § Weatherization: storm windows, doors, insulation, weather stripping etc.
- § New free standing appliances
- § Improvements for accessibility of persons with disabilities
- § Lead paint abatement or stabilization
- § Repair/replace/install exterior decks, patios and porches
- § Non-structural basement refinishing/remodeling
- § Basement waterproofing
- § Window and door replacements and exterior re-siding
- § Septic system/Well repairs (subject to minimum acreage)



Ineligible Repairs for Streamline 203K

§ Major rehabilitation/remodeling including all structural repairs and movement of load bearing walls

§ New construction including additions

§ Repair of all structural damage

§ Repairs requiring architectural plans/drawings

§ Landscaping/site improvements

§ Any repairs expected to require >6 months for completion

§ Repairs that require more than 2 payments per Contractor

§ Repairs which will require displacement of borrower for >30 days
(mortgage payments may not be escrowed)

§ Repairs which are not able to be started within 30 days of closing

