



Investor Addendum To HomeStyle® Rehabilitation Loan Agreement

Case Number: _____	Date: _____
Borrower Name(s): _____	Phone #: _____
_____	Phone #: _____

THIS IS A MODEL DOCUMENT PREPARED FOR USE IN HOMESTYLE LOAN TRANSACTIONS. BECAUSE THESE TYPES OF TRANSACTIONS, AND THE TYPES OF LENDERS MAKING THESE LOANS, MAY BE SUBJECT TO A VARIETY OF LAWS AND REGULATIONS, IT MAY BE NECESSARY TO MODIFY THIS DOCUMENT FOR USE BY CERTAIN LENDERS OR IN PARTICULAR TRANSACTIONS.

1. Homestyle Investor Rehabilitation Loan. The Lender and the Borrower intend that the Borrower will rehabilitate the Property for resale to a purchaser(s) who will occupy the Property as a principal residence, and will assume the Loan ("Assumptors"). This Investor Addendum ("Addendum") to the Homestyle Rehabilitation Loan Agreement ("Agreement") states the additional terms and conditions under which the Lender will advance the proceeds of the Loan to the Borrower and consent to the assumption of the Loan by the Assumptors ("Assumption"). Any capitalized term not defined in this Addendum shall have the meaning defined in the Agreement.

2. Investor Down Payment. Prior to the closing of the Loan, the Borrower must deposit the Investor Down Payment with the Lender. The Investor Down Payment: (a) for a purchase transaction, shall be an amount equal to twenty percent (20%) of the purchase price of the Property and the costs of the Rehabilitation as set forth on Attachment B; and (b) for a refinance transaction, shall be an amount equal to \$_____. The entire Investor Down Payment must come from the Borrower's own funds.

3. Developer Fee. Prior to the closing of the Loan, the Borrower must deposit the Developer Fee with the Lender. The Developer Fee: (a) for a purchase transaction, shall be an amount equal to the difference between the costs of acquisition and Rehabilitation of the Property as set forth on Attachment B and the amount of the Loan; and (b) for a refinance transaction, shall be an amount equal to the amount of the existing mortgage debt, plus the closing costs, plus the costs of Rehabilitation of the Property as set forth on Attachment B minus the amount of the Loan.

4. Investor Escrow Account.

(a) Borrower will pay the Investor Down Payment, plus any Developer Fee, in the total amount of \$_____ to Lender, which shall deposit the funds in an insured interest-bearing escrow account ("Investor Escrow Account"), which shall be controlled by Lender. Upon completion of the Rehabilitation, interest earned on the funds in the Investor Escrow Account shall be paid to Borrower or credited to the obligations of Borrower, at Borrower's option.

(b) Upon any default under any of the Loan Documents, Lender, without prior notice to Borrower, may apply any or all of the funds in the Investor Escrow Account to the Rehabilitation or to the balance due under the Loan Documents.

(c) Upon completion of the Rehabilitation and the closing of the Assumption, Lender shall pay to Investor the balance remaining in the Investor Escrow Account, which shall equal the amount set forth in paragraph 5(e), provided that:

- (i) The conditions precedent to Assumption ("Assumption Requirements") set forth in paragraph 5 of this Addendum are satisfied; and
- (ii) Lender may debit the Account to remedy any default under the Loan Documents.

5. Assumption Requirements. In addition to satisfying the requirements for disbursement specified in the Rehabilitation Loan Agreement, the following Assumption Requirements must be met for the Loan to be assumable:

- (a) The Loan must be assumed by a qualified Assumptor on or before the payment due date for the eighteenth (18th) amortized payment under the Loan.
- (b) An appraisal must be obtained after completion of Rehabilitation and execution of a sales contract between the Borrower and the Assumptor ("Sales Contract").
- (c) Assumptor must meet applicable Fannie Mae underwriting guidelines, and participate in home buyer education, if required.
- (d) A payment equal to five percent (5%) of the lesser of the Sales Contract price or the completed value of the Property upon completion of the Rehabilitation, as determined by the appraisal ("Appraised Value"), must be made by the Assumptor to the Borrower.
- (e) Lender shall recalculate the loan to value ratio ("LTV") on the Property. The LTV shall be calculated by dividing the original principal balance due on the Loan by the lesser of the Sales Contract price or the Appraised Value. If the LTV on the Loan exceeds ninety-five percent (95%), funds in the Investor Escrow Account must be used to reduce the principal balance on the Loan to a ninety-five percent (95%) LTV.
- (f) The mortgage insurance policy must be revised to reflect the Assumptor, and a new property insurance policy must be obtained.
- (g) The Assumptor must execute an assumption agreement in form and content satisfactory to Lender; and
- (h) Lender shall waive the enforcement of the due on sale clause in the security instrument for this one time transfer to, and assumption by, a qualified Assumptor.

IN WITNESS WHEREOF the undersigned have executed this Agreement on the date and year first above written.

_____	_____	_____	_____
Borrower	Date	Lender	Date
_____	_____	By: _____	
Borrower	Date	_____	
		Title	