



VA ONE-TIME CLOSE (“OTC”) PROGRAM

PROGRAM SPECIFICATIONS					
Description	<p>American Financial Resources, Inc. (AFR) offers Construction to Permanent loans for new manufactured, modular homes, and one unit stick built homes. Our One Time Close program provides construction financing, lot purchase and Permanent loan, all wrapped up in one loan. Why worry about re-qualifying, re-appraisals or incurring additional costs?</p> <p>AFR provides interim financing and administration for true one-time close staged funded construction-to-permanent loans. Designed for manufactured housing, modular housing, and stick built housing, this programs allows American Financial Resources, Inc. the ability to offer our Wholesale clients this unique loan product.</p> <p>American Financial Resources, Inc. (AFR) underwrites and approves the permanent portion of the loan before the construction begins. The construction portion of the loan is also underwritten and approved. When all conditions for closing are cleared with AFR, other than the final construction related conditions, the closing will be coordinated. Once closed, construction can begin.</p> <p>Because the permanent loan is closed before construction begins, there is no “re-qualifying” the borrower. This is a true one-time close; therefore, the borrowers will not need to return to the settlement agent for a second closing once construction is complete.</p>				
Channels	<ul style="list-style-type: none"> • Broker • Correspondent <ul style="list-style-type: none"> ○ Table Funded ○ Non-Delegated <ul style="list-style-type: none"> ▪ AFR must draw/prepare all Correspondent Non-Delegated closing packages <p>Important: Correspondent Delegated UW transactions are not permitted Note: Correspondent Table Funded and Correspondent Non-Delegated partners must complete the AFR One-Time Close Programs webinar and pass a test prior to submitting an OTC transaction.</p>				
FICO	<ul style="list-style-type: none"> • Minimum Qualifying Credit Scores for all qualifying borrowers <ul style="list-style-type: none"> ○ 640-659: A minimum of 2 qualifying credit scores are required for all qualifying borrowers. Use the middle score if 3 credit scores or the lower of the two if 2 credit scores. ○ 660+: A minimum of 1 qualifying credit score is required for all required borrowers. ○ Lowest representative score from all borrowers will be used for qualification purposes 				
UW Method	<ul style="list-style-type: none"> • Desktop Underwriter (DU) • Loan Prospector (LP) <p>Important: AFR does not permit Refer or Caution AUS recommendations</p>				
Eligible Terms	15Yr. and 30Yr. Fixed				
Eligible Property Types	<ul style="list-style-type: none"> • 1 Unit Stick Built Housing – Primary Residence • New Manufactured Housing – Primary Residence <ul style="list-style-type: none"> ○ Multiwide only; singlewide units not permitted • Modular Homes – Primary Residence • PUDs 				
Maximum LTV	100% not including the VA Funding Fee				
Maximum DTI	<ul style="list-style-type: none"> • Approve/Eligible - Follow AUS 				
Maximum Loan Amount and Down Payment for Jumbo	<p>AFR has 2 specific loan amount buckets for VA Fully Amortizing Fixed loans:</p> <ul style="list-style-type: none"> • Standard, includes loan amounts up to the Fannie Mae/Freddie Mac conforming county loan limits • Jumbo are loan amounts greater than the Fannie Mae/Freddie Mac conforming county loan limits <p>AFR utilizes the Conventional conforming loan limits table. VA maximum loan amounts can be found here: https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx</p> <ul style="list-style-type: none"> • AFR Down Payment requirements <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #4F81BD; color: white;">Down Payment Requirement</th> <th style="background-color: #4F81BD; color: white;">Percentage</th> </tr> </thead> <tbody> <tr> <td>Loan amount > applicable county loan limit ≤ 1MM</td> <td>25%</td> </tr> </tbody> </table>	Down Payment Requirement	Percentage	Loan amount > applicable county loan limit ≤ 1MM	25%
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	<ul style="list-style-type: none"> Veterans may purchase a home up to the applicable current years conventional county loan limit without a down payment. When a subject property has a purchase price greater than the applicable county loan limit, the loan will require a downpayment. <ul style="list-style-type: none"> Example of a property in Los Angeles county: Calculation for Max Base Loan Amount when the loan amount is greater than \$822,375. <ul style="list-style-type: none"> (Purchase Price - \$822,375) x Downpayment Percentage = Reduction in loan amount. Purchase Price – Reduction in Loan Amount = Max Base Loan Amount 												
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Appraisal	Note: The appraised value determined by the Appraiser must be the “as completed” appraised value of the property after completion of construction												
Geographic Restrictions	<ul style="list-style-type: none"> Alaska Hawaii <ul style="list-style-type: none"> AFR does not operate in the states of Alaska or Hawaii and does not permit OTC loans with a subject property in Alaska or Hawaii. 												
Guidelines	http://www.benefits.va.gov/warms/pam26_7.asp												
Forms	See FORMS Section in the Resource Center												

OVERLAYS

Follow all overlays outlined in the VA Fully Amortizing Fixed Program and:

- Correspondent Delegated UW transactions are **not** permitted
- Correspondent Table Funded and Correspondent Non-Delegated partners must complete the AFR One-Time Close Programs webinar and pass a test prior to submitting an OTC transaction.
- AFR must draw/prepare all Correspondent Non-Delegated closing packages
- 640 Minimum qualifying credit score.
- The Borrower cannot perform any of the work (“Self-Help” is not permitted)
- Singlewide Manufactured housing is not permitted
- AUS Refer Recommendations are not permitted
- AFR qualifies borrowers on 29 years on a 30 Yr. Fixed term and on 14 years on a 15 Yr. Fixed term
- AFR requires a Final Inspection performed on the VA Form 26-1839 accompanied by interior and exterior pictures of the subject property
- AFR does not permit the use of a DPA to be used in conjunction with One Time Close Programs
- AFR does not permit change orders.
- AFR does not permit the borrower to pay construction interest, this must be charged directly to the Builder/Retailer.
- AFR does not permit the installation or construction of a pool unless all the following are met:
 - The pool contractor is a subcontractor of the General Contractor or the General Contractor is building the pool,
 - The property state is one of the following: Nevada, Arizona, New Mexico, Texas, Louisiana, Mississippi, Alabama, Florida, or Georgia,
 - Must be an in-ground pool, above-ground pools are not permitted, and
 - Follow all VA, state and local requirements.
- If the utilities are off at the time of the inspection, the Appraiser must ask to have them turned on and complete all requirements under Mechanical Components. However, if it is not feasible to have the utilities turned on, then a pressure test and electrical test is required and must be completed by an appropriately licensed professional.
- AFR does not permit cash back from equity in the project, or funds provided by another party.
- AFR does not permit the construction of an Additional Dwelling Unit (A.D.U.).
- Due to COVID-19, AFR expects the minimum build time in the states of California, Oregon and Washington of no less than 8 months for Stick built and Modular homes. Proposed Build times less than 8 months will require additional AFR review.
- Site-Built, Modular and Manufactured homes:
 - Maximum of \$150,000 disbursement at closing for land acquisition or payoff.
- Building permits (where required by the jurisdiction):
 - Site-Built and Modular home – applicable building permits to be obtained prior to closing.
 - Manufactured home – applicable building permits to be obtained prior to closing when the initial disbursement is greater than \$75,000.

