



FHA ONE-TIME CLOSE CONSTRUCTION

PROGRAM SPECIFICATIONS	
Description	<p>American Financial Resources, Inc. (AFR) offers Construction to Permanent loans for <u>new</u> 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 program 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">◦ 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</p> <p>Note: 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 620 FICO for all qualifying borrowers<ul style="list-style-type: none">◦ 620-659: A minimum of 2 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. Lowest representative score from all borrowers will be used for qualification purposes.◦ 660+: A minimum of 1 credit score is required for all required borrowers◦ 1 Unit Stick Built Housing: 660 Minimum FICO
UW Method	<ul style="list-style-type: none">• Desktop Underwriter (DU)• Loan Product Advisor (LPA)
AUS Recommendation	<ul style="list-style-type: none">• Approve/Eligible (DU)• Risk Class Accept (LPA) <p>Important: AFR does not permit Refer or Caution AUS recommendations</p>
Eligible Terms	<ul style="list-style-type: none">• 15 Year Fixed• 30 Year Fixed• Maximum loan amount per FHA county loan limits. High Balance loans are permitted.
Eligible Transactions	<ul style="list-style-type: none">• Purchase
Eligible Property Types	<ul style="list-style-type: none">• Single-Wide Manufactured Housing• Multi-Width Manufactured Housing• Modular Homes• Barndominiums – 660 Min Fico• 1 Unit Stick Built Housing – temporary suspension 12/31/2024<ul style="list-style-type: none">◦ Min FICO 660◦ Borrower paid compensation only◦ Should the borrower opt for Interest Only Payments during the construction phase, AFR will also evaluate the borrower’s total monthly income in relation to their existing housing expense, projected taxes, other liabilities, and the interest-only payment. The ratio must not exceed 45%. If the ratio surpasses this threshold, the application will undergo a re-underwriting process, and there’s a possibility that the borrower may receive a counteroffer that excludes the option for interest-only payments during construction
Maximum LTV/CLTV/HCLTV	96.5% LTV
Maximum DTI	Follow AUS findings
Special Feature Options	<ul style="list-style-type: none">• No interim construction payments, or• Construction to Permanent loan with interest only payments (constructions interest) made by the Borrower(s) during construction, disclosed as a single close transaction:<ul style="list-style-type: none">◦ No construction LE or CD◦ Follow Appendix D to Part 1026; Multiple Advance construction Loans; Part II, Construction to Permanent Financing Disclosed as one Transaction (A)(1)◦ Permanent loan and construction interest rate must be the same Fixed Rate.◦ Correspondent Non-Delegated transactions must be purchased prior to construction. Construction administration and conversion to permanent financing must be managed by AFR.
Appraisal	<p>Note: The appraised value determined by the Appraiser must be the “as completed” appraised value of the property after completion of construction</p>
Geographic Restrictions	<ul style="list-style-type: none">• New York State (Suspended 12/21/2022)• Hawaii<ul style="list-style-type: none">◦ AFR does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions.• AFR requires the use of AFR’s Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. AFR utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.
UW Guidelines (4000.1)	http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1





	4000.1 II.A.8.j
Forms	See FORMS Section in the Resource Center
OVERLAYS	
<p>Follow all overlays outlined in the FHA 203(b) Program Matrix <u>and</u>:</p> <ul style="list-style-type: none">• Correspondent Delegated UW transactions are not permitted• Correspondent Non-Delegated partners must complete the AFR One-Time Close Programs webinar and pass a test prior to submitting an OTC transaction• All Correspondent Non-Delegated closing packages will be drawn/prepared by AFR• 620 minimum qualifying credit score• 15 Yr. and 30 Yr. Fixed only; ARMs are not permitted• The Borrower <u>cannot</u> perform any of the work ("Self-Help" is not permitted)• AUS Refer Recommendations are not permitted• AFR requires a Final Inspection performed on the HUD Form 92051 accompanied by interior and exterior pictures of the subject property• AFR does not permit the installation or construction of a pool unless all the following are met:<ul style="list-style-type: none">○ 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 HUD, state and local requirements.• AFR permits the construction of an Accessory Dwelling Unit (A.D.U.) if accompanied with the construction of a one-unit single-family site-built primary residence:<ul style="list-style-type: none">○ AFR does not permit the A.D.U. to be a Manufactured Home, or○ Converting an existing outbuilding on the property to an A.D.U, or○ Rental income from an A.D.U is not permitted when the debt-to-income ratio excluding the projected rent exceeds 50%.• Proposed Site-Built times less than 8 months will requi9re additional AFR review.• Site-Built, Modular and Manufactured homes:<ul style="list-style-type: none">○ Maximum of \$250,000 disbursement at closing for land acquisition or payoff.• Permit Requirements Prior to Closing<ul style="list-style-type: none">○ AFR will require ONE of the following before closing:<ul style="list-style-type: none">▪ Approved Building Permit: Issued by the local building authority for the proposed plan on file.▪ Perc test (percolation test) and Timeline Confirmation: A perc test supporting the appropriate bedroom count for the project, along with a letter from the local building department confirming that the permit will be issued within 90 days. <i>(Note: The total construction timeline must account for the estimated permit wait time plus the build time, with the entire project not exceeding 12 months.)</i>○ Special Provision for projects pending permit issuance post initial loan closing:<ul style="list-style-type: none">▪ If permits are approved but require payment prior to being issued, an initial disbursement can be arranged at closing to cover the permit fees and any associated costs. This includes, but is not limited to:<ul style="list-style-type: none">✓ Impact fees,✓ State or local tax stamps, and✓ Other fees required by the local authority to be paid prior to issuance of permit.▪ NO additional funds or subsequent draws will be dispersed to the builder/retailer, contractor or any other party until the building permits are issued for the project.○ If permits are not obtained prior to closing the initial disbursement for land is capped at a maximum of \$75,000.• AFR requires a minimum five percent (5%) contingency of the total cost to construct be built into the contract price.<ul style="list-style-type: none">○ Manufactured Home transactions do not require the 5% contingency reserve.• Lagoons, cesspools, seepage pits or effluent (and similar) types of septic systems are not permitted.• Earnest Money Deposits (EMDs) must be allocated on the Cost Break Down sheet (or contract) and part of the budget toward soft costs and/or materials. Draws cannot be requested until the deposit money is exhausted.• Site-Built temporary suspension 12/31/2024<ul style="list-style-type: none">○ Borrower Paid Compensation only○ Min FICO 660○ Should the borrower opt for making Interest-Only Payments during the construction phase, AFR will also evaluate the borrower's total monthly income in relation to their existing housing expense, projected taxes, other liabilities, and the interest-only payment, this ratio must not exceed 45%.	

