



Conventional One-Time Close

PROGRAM SPECIFICATIONS				
Description	Construction and Permanent financing in one Mortgage. Single closing, where the consumer pays interim construction financing on an interest only basis during the construction phase. Reverification of employment is required prior to converting to Permanent Financing.			
Channels	<ul style="list-style-type: none"> Broker Correspondent Non-Delegated and Table Funded Note: AFR must administer the Interim Construction Financing and provide the Permanent Financing.			
Credit Score Evaluation	<ul style="list-style-type: none"> 680 minimum qualifying credit score for all qualifying Borrowers A minimum of two scores are required per borrower. If three scores are provided, the middle score will be used. If two scores are provided, the lower of the two is used; The lower of the Borrower or Co-Borrower score, as determined above and by the credit report, will be viewed as the credit score for the loan; Loans with mortgage insurance refer to the applicable MI Company's guidelines for MI credit score requirements. Representative fico scores, LTV's and AUS see below 			
Eligible Property Types	<ul style="list-style-type: none"> 1- Unit or Modular Primary Residence or Second home Detached PUD's Manufactured Housing (Multi-with) – Primary Residence FHLMC CHOICEHome – Primary Residence (LPA) MH Advantage – Primary Residence (DU) Note: Newly built or constructed 1 unit, Modular, or a newly purchased manufactured home that has never been attached to a foundation.			
	DU – Fannie Mae		LPA – Freddie Mac	
Max LTV & Min Credit Score, Primary Residence	LTV/CLTV/HCLTV	Fico	LTV/TLTV/HTLTV	Fico
	≤ 80%	680-699	≤ 80%	700
	> 80% - 90%	680-719	> 80% to 90%	720
	> 90% - 95%	680	NA	
Max LTV & Min Credit Score, Second Home	NA		≤ 70%	700
			> 70% - 80%	720
Max LTV and Min Credit Score CHOICEHome (Primary Residence only)	NA		≤ 80%	700
			> 80% - 95%	720
			> 95% - 97%	720 - if combined with Home Possible or HomeOne Mortgages
Max LTV and Min Credit score MH Advantage (Primary Residence only)	95%	680	NA	
AUS Findings and Eligibility	DU Approved/Eligible and must show as Construction or Construction to Permanent <ul style="list-style-type: none"> Purchase of Lot = Construction Lot owned = Construction to Perm 		LPA Accept and must show as Construction Conversion <ul style="list-style-type: none"> Purchase, or Refinance 	
Max DTI	<ul style="list-style-type: none"> Follow DU 		<ul style="list-style-type: none"> Follow LPA 	
Eligible Transaction Types and Ownership Requirements	Purchase: <ul style="list-style-type: none"> All property types, borrower is not the owner of record at time of closing 		Purchase: <ul style="list-style-type: none"> Site-built, Modular and CHOICEHome, borrower is not owner of record at time of closing; or MH, borrower is not owner of record or owned the land less than 12 months prior to closing. 	
	Refinance, Limited Cash-Out (LCOR): <ul style="list-style-type: none"> All property types, borrower is the owner of record at time of closing 		Refinance, No Cash-out: <ul style="list-style-type: none"> Site-Built, modular and CHOICEHome, borrower is the owner of record and no ownership seasoning requirements; or 	

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		<ul style="list-style-type: none"> MH, as least one Borrower is the owner on title of record of the land for more than 12 months prior to closing.
Eligible Terms		<ul style="list-style-type: none"> Fully amortizing 15-, 20- or 30- year fixed-rate Mortgage
Mortgage Insurance		<ul style="list-style-type: none"> Follow LPA or DU MI coverage must be active on the date of closing, to include the construction period <ul style="list-style-type: none"> Follow specific PMI company requirements <ul style="list-style-type: none"> MGIC Essent National Genworth Arch MI Options <ul style="list-style-type: none"> Borrower Paid Monthly Option <ul style="list-style-type: none"> MGIC National Arch <p>Note: An MI reserve must be collected in prepaids equal to the estimated build time in months.</p> Borrower Paid Single Premium Option available for all listed MI companies
Eligible Borrowers		<ul style="list-style-type: none"> The Borrower(s) on the Permanent Financing must be the Borrower(s) on, and obligated to repay, the interim construction financing. A Borrower may be omitted in the event of death or divorce, or A Borrower, who is a Related person may be added, provided that all Borrower(s) on the Permanent Financing are owner-occupants of the Mortgaged Premises and considered in the underwriting of the Permanent Financing.
Ineligible Mortgages		<ul style="list-style-type: none"> FHA VA Section 502 GRH Section 184 Native American Community Land Trust Mortgage secured by property subject to income-based resale restrictions
Appraisal		<ul style="list-style-type: none"> Appraiser's opinion of value must provide the "as completed" value Plans and specifications must be provided to the appraiser Follow Guide Chapter 5601 LPA or B4-1.2-02 DU Appraisal update and/or Completion report (form 442/1004D) prior to converting to permanent financing Conforming High Balance (DU) <ul style="list-style-type: none"> A Field Review Report is required when the LTV, CLTV, HCLTV ratio is greater than 75% and the value is \$1,000,000 or greater. If the appraisal field review report results in a different opinion of market value, the lower of the opinion of market value from the appraisal field review report or sales price must be used to calculate the LTV, CLTV, HCLTV.
Reverification of Employment		<p>Within 10 days of converting to Permanent Financing:</p> <ul style="list-style-type: none"> Verbal or written VOE or a paystub dated within 30 days Self-employed; verification of existence of the Borrower's business through a third-party source. Loans processed and closed through LPA: Reverification of employment is not required if the LTV/TLTV/HLTV is less than or equal to 70%. <p>Note: Any Credit and Capacity documentation greater than 365 days at the time of converting to permanent financing will require requalifying the Borrower's.</p>
Multiple Financed Properties for LPA or DU		<ul style="list-style-type: none"> Loans processed through LPA must follow Freddie Mac Seller Servicer guide section 5501.2 Loans processed through DU must follow Fannie Mae Seller Servicer guide section B2-2-03 <p>Note: Borrowers with seven to ten financed properties must have a minimum of 720 credit score.</p>





Calculating LTV Ratio	Purchase	Value
	1-unit site-built and Modular (LPA or DU)	Lesser of: Purchase price (purchase price of the Land and total construction costs), or Appraisal value, as completed
	MH Land Owned < 12 Months at closing, (LPA)	Lesser of: The purchase price of the MH, plus the lowest purchase price at which the land was sold during the most recent 12-month period or, Appraised value of the Mortgaged Premises, as completed.
	MH and MH Advantage (DU)	Lesser of: The sales price of the MH, plus construction cost and sales price of the lot or, Appraised value of the Mortgaged Premises, as completed.
	CHOICEHome (LPA)	Lesser of: Purchase price of CHOICEHome and purchase price of the land, or the current appraised value of the CHOICEHome and land.
	Refinance	No Cash-out (LPA) / Limited Cash-Out (DU)
	1-unit & Modular (LPA & DU)	Appraised Value of the Mortgaged Premises (the lot/land and improvements), as completed
	MH (DU)	
	CHOICEHome (LPA) and MH Advantage (DU)	
	MH - Land Owned > 12 Months at closing, (LPA)	
	Gifted or Inherited land	
	If the Borrower acquired the land as a gift or by inheritance, the value of the land as reported on the appraisal may be used in lieu of the purchase price of the land. Obtain appropriate documentation to verify the acquisition and transfer of ownership of the land.	
General Construction allowances	Purchase	<ul style="list-style-type: none"> • Purchase the land, or for a site-built home, acquire the land • Pay construction costs of the site-built home • MH, acquire the MH, and pay construction costs, including costs to install and anchor the MH on a permanent foundation system
	Refinance	<ul style="list-style-type: none"> • Pay off any existing liens on the land • Pay all Closing Costs • Pay construction costs for the site-built home • MH, acquire the MH and pay construction costs, including costs to install and anchor the MH on a permanent foundation system on land owned by the Borrower
		<ul style="list-style-type: none"> • Current mortgage liens encumbered by land and improvements are not eligible. Only unimproved lot/land liens maybe paid off in the transaction. • Tear down and rebuilds are not permitted.
Calculating Construction Costs	Eligible Costs:	
	<ul style="list-style-type: none"> • Materials, cost of labor associate with construction • Energy-efficient components, systems and installation • Grading, seed/sod, and other site improvements such as decks, porches, landscaping, etc. • Architectural, engineering, survey and legal fees • Water and sewer tap fees • Access fees to other utilities (gas, electric, telephone, and cable) • Utilities during construction • Permits, inspection and recording fees • Costs associated with construction loan including interest and points • If a refinance, closing costs associate with permanent mortgage <p>May be included if common to area:</p> <ul style="list-style-type: none"> • Kitchen appliances • Intercom system • Wiring for media system, computer, cable or satellite that is hard-wired and made part of the premise • Security system 	

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	<ul style="list-style-type: none"> Water treatment system that is a part of the property's plumbing system <p>May not be included:</p> <ul style="list-style-type: none"> If purchase, any financing costs for permanent Mortgage Furniture Electronics and home entertainment equipment that is not hard-wired and part of the premises (televisions, monitors, stereos, speakers, computers, satellite dishes, etc.) Monthly maintenance fees Other personal items
Required Documentation of Construction	<ul style="list-style-type: none"> Evidence to support that Mortgage is a Construction Conversion Sufficient Documentation to validate actual cost to construct (e.g. purchase contracts, plans and specification, receipts, invoices, lien waivers, etc.) Documentation showing your calculation of the purchase price and/or cost to construct All settlement/Closing Disclosure Statement forms or other Mortgage closing statements for Interim Construction Financing and Permanent Financing <p>In addition, the Mortgage file must contain the following documentation, when applicable:</p> <ul style="list-style-type: none"> For a Mortgage secured by a Manufactured Home, the manufacture's invoice and the Manufactures Home Purchase Agreement. Refinance Mortgage secured by a Manufactured Home, documentation that supports at least one Borrower has been on title of the land for 12 months or more prior to the Effective Date of Permanent Financing. Appropriate documentation to verify the acquisition and transfer of ownership of the land if the Borrower acquired the land as a gift or by inheritance
Interim Construction Financing	<ul style="list-style-type: none"> Interest reserve accounts are not permissible; Payment history must have no 30-day or more delinquencies in the past 12 months Proof of payment history The builder/developer must not be obligated to repay the Interim Construction Financing or any Mortgage on the Land or the Improvements.
Documentation Type	<ul style="list-style-type: none"> Integrated Documentation Disclosures must be as Construction to Permanent, with interest only payments (construction interest) made by the Borrower(s) during construction, disclosed as a single close transaction. <ul style="list-style-type: none"> 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 Loans processed and closed through LPA <ul style="list-style-type: none"> Final 1003 must reflect the transaction as a Purchase or a No Cash-Out refinance. Final Underwriting Transmittal must reflect Purchase or No Cash-Out and underwriter comments must reflect Construction Conversion. Loans processed and closed through DU <ul style="list-style-type: none"> 1003 and Underwriting Transmittal must reflect Construction to Perm and comments on transmittal must indicate Purchase or LCOR.
Survey Requirements (DU)	<ul style="list-style-type: none"> For transactions processed through DU: <ul style="list-style-type: none"> Survey exceptions must be deleted from the final title policy. If the title company requires a new survey in order to delete the exception a new survey is required. Applicable for all states.
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 loans with a subject property in Alaska or Hawaii.
Guidelines	http://www.freddiemac.com/singlefamily/guide/ and https://www.fanniemae.com/content/guide/selling/index.html
Forms	See FORMS Section in the Resource Center

OVERLAYS

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- Follow all overlays outlined in the Freddie Mac Fully Amortizing Fixed Rate and Fannie Mae Fully Amortizing Fixed Rate and High Balance Program Matrix:
- Correspondent Delegated transactions are not eligible
- Correspondent Table Funded and Correspondent Non-Delegated transactions must be purchased prior to construction. Construction administration and conversion to permanent financing must be managed by AFR.
- 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
 - Follow all other GSE, state and local requirements
- AFR does not permit the Builder to also be the Borrower
- 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 the construction of an Additional Dwelling Unit (A.D.U.)

Disclaimer: All overlays herein are subject to change by AFR without notice. Where AFR is silent, the UW must follow Freddie Mac and Fannie Mae guidelines outlined in the Freddie Mac and Fannie Mae Single Family Seller Guide.

Quick Reference Guide for Conventional OTC

Max LTV & Min Credit Score, Primary Residence	DU – Fannie Mae		LPA – Freddie Mac	
	LTV/CLTV/HCLTV	Fico	LTV/TLTV/HLTV	Fico
	≤ 80%	680-699	≤ 80%	700
	> 80% - 90%	680-719	> 80% to 90%	720
	LTV > 90% - 95%	680	NA	NA
Max LTV & Min Credit Score, Second Home	NA		≤ 70%	700
			> 70% - 80%,	720
Max LTV and Min Credit Score CHOICEHome	NA		≤ 80%	700
			> 80% - 95%	720
			> 95% - 97%	720 - if combined with Home Possible or HomeOne Mortgages
Max LTV and Min Credit score MH Advantage	95%	680	NA	
DU VS LPA	DU must show as Construction or Construction to Permanent <ul style="list-style-type: none"> • Purchase of Lot = Construction • Lot owned = Construction to Perm 		LPA must show as Construction Conversion <ul style="list-style-type: none"> • Purchase, or • Refinance 	
Eligible transaction types and ownership requirements	Purchase <ul style="list-style-type: none"> • All property types, borrower is not the owner of record at time of closing Refinance, Limited Cash-Out (LCOR) <ul style="list-style-type: none"> • All property types, borrower is the owner of record at time of closing 		Purchase <ul style="list-style-type: none"> • Site-built, Modular and CHOICEHome, borrower is not owner of record at time of closing; or • MH, borrower is not owner of record or owned the land less than 12 months prior to closing. Refinance, No Cash-out <ul style="list-style-type: none"> • Site-Built, modular and CHOICEHome, borrower is the owner of record and no ownership seasoning requirements; or • MH, as least one Borrower is the owner on title of record of the land for more than 12 months prior to closing. 	
Calc of site (land) value for MH	Purchase <ul style="list-style-type: none"> • Lesser of sales price of the MH plus construction cost and sales price of the lot, or the "as completed" appraised value of the MH and land Refinance <ul style="list-style-type: none"> • Divide the loan amount of the C-to-P financing by the "as completed" appraised value of the property (the lot and improvements) 		Purchase, lot owned < 12 months from closing date: <ul style="list-style-type: none"> • Lesser of: Lowest price at which the land was sold during the most recent 12 month period, or appraised value of the mortgaged premises, as completed. Refinance, lot owned > 12 months from closing date <ul style="list-style-type: none"> • Appraised Value of the mortgaged premises, as completed 	
Reverification of employment	All Borrowers		Reverification of employment is not required if the LTV/TLTV/HLTV is < for equal to 70%	

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Appraisal (Conforming High Balance)	<ul style="list-style-type: none"> A field Review is required when the LTV/CLTV/HLTV is greater than 75% and the value is 1mm or greater. If field review report is in a different opinion of market value, the lower of the opinion of market value from the field review or sales price must be used to calc the LTV, CLTV, HCLTV. 	NA
Final 1003 purpose and UW transmittal	<ul style="list-style-type: none"> 1003: Construction to Perm UW Transmittal: comments must indicate Purchase of LCOR 	<ul style="list-style-type: none"> 1003: Must reflect Purchase or No Cash-out refinance UW Transmittal: comments must reflect Construction Conversion
Survey Requirements	Survey exception must be deleted from the final title policy. If the title company requires a new survey in order to delete the exception a new survey is required. Applicable for all states.	NA

