

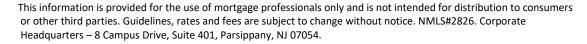
Freddie Mac One-Time Close Construction

	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	 Broker Correspondent Non-Delegated Note: AFR must administer the Interim Construction Financing and provide the Permanent Financing. 			
Minimum FICO	 700 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. 			
LTV/TLTV/HCLTV	Primary Residence: • Maximum LTV 95% • Site Built is suspended as of 10/27/2022 • Modular or Barndominium • Single or Multi-width Manufactured Second Home: • Maximum LTV 90% • Modular FICO: • 700 CHOICEHome – Primary Residences • LTV/TLTV/HTLTV Ratios & Minimum FICO Scores:			
	 < or = to 80%, 700 > 80% to 95%, 720 97%, if combined with Home Possible or HomeOne mortgages, 720 			
UW Method	Loan Product Advisor (LPA)			
AUS Recommendation	 LPA Risk Class Accept LPA must indicate Construction to Permanent and Loan Purpose as: Purchase, or Refinance "No Cash-Out" 			
Eligible Terms	 Fully amortizing 15-, 20- or 30- year fixed-rate Mortgage Maximum loan amount based on the current years FHFA baseline conventional conforming loan limit for a 1-unit property. Supper Conforming loan amounts not permitted 			
Eligible Transaction Types	Construction Conversion (Single Closing)			
Eligible Property Types	Primary or Second home • 1 Unit Stick Built – Temporarily suspended as of 10/27/2022 • Modular Homes Primary Only: • Single or Multi-width Manufactured Housing • FHLMC CHOICEHome • Barndominium Note: Newly built or constructed 1 unit (detached), Modular, or a newly purchased manufactured home that has never been attached to a foundation.			
Maximum DTI	Follow LPA			
Age of Documents	 Income and asset documentation used for qualifying must be within 30 days of the Note date Except assets that are reported on a quarterly basis Income documented for military leave and earning statement (LES), Social Security, Retirement, long-term disability, mortgage credit certificates, public assistance, foster care, or royalty payments will follow Fannie Mae or Freddie Mac Seller Guides pertaining to age of documents. 			





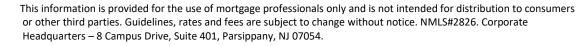
Eligible Transaction Types and Ownership Requirements	• Purchas o • Refinan	All property types, Borrower <i>is no</i> ce, No cash-out	ot the owner of record of the land prior to closing. e owner of record at time of closing and no ownership seasoning		
Calculating LTV	Transaction Type	Lot Ownership	LTV Ratio Calculation		
Ratio	Purchase: 1-unit	The borrower is not the owner of	Lesser of: Purchase price (purchase price of the Land and total		
	site built or	record of the lot at the time of	construction Costs), or Appraisal value, as completed.		
	Modular	closing.			
	Purchase:	The borrower is not the owner of	Lesser of: Purchase price of CHOICEHome and purchase price of the		
	CHOICEHome	record of the lot at the time of	land, or the current appraised value of the CHOICEHome and land.		
		closing.			
	Purchase: MH	The borrower is not the owner of	Lesser of: The purchase price of the MH, plus the lowest purchase		
		record of the lot at the time of	price at which the land was sold during the most recent 12-month		
		closing.	period, or Appraised value of the Mortgaged Premises, as completed.		
	Refinance: All	The borrower is the owner of	Appraised Value of the Mortgaged Premises, as completed.		
	property types	record of the lot at the time of			
		closing.			
	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.				
Mortgage	Follow I	_PA			
Insurance	MI coverage must be active on the date of closing, to include the construction period.				
	An MI reserve must be collected in prepaid equal to the estimated build time in months.				
	0	Follow specific PMI company requ	uirements		
		MGIC			
		National			
		Enact			
		Arch			
	Borrower Paid Sing	le Premium Option available for all li	sted MI companies		
Ineligible	• FHA				
Mortgages	• VA				
	 Section 	502 GRH			
	Section 184 Native American				
	 Commu 	nity Land Trust			
	 Mortga 	ge secured by property subject to inc	ome-based resale restrictions		
Eligible Borrowers	The Bor				
	construction financing.				
	A Borrower may be omitted in the event of death or divorce, or				
	 A Borro 	wer, who is a Related person may be	added, provided that all Borrower(s) on the Permanent Financing are		
	owner-	occupants of the Mortgaged Premises	s and considered in the underwriting of the Permanent Financing.		
Appraisal		er's opinion of value must provide the			
		nd specifications must be provided to	·		
		Guide Chapter 5601	••		
		al update and/or Completion report ((form 442)		
Reverification of		converting to Permanent Financing:	•		
Employment		or written VOE or a paystub dated wit	thin 30 days		
		• •	ne Borrower's business through a third-party source.		
			than 365 days at the time of converting to permanent financing will		
	require requalifying		and out days at the time of converting to permanent manning time		
Construction on			and improvements are not eligible. Only unimproved lot/land liens		
Land Owned		paid off in the transaction.	and men and the congression of the annihilation of future fields		
· ·		wn and rebuilds are not permitted.			
Calculating	Purchase:	and resulted are not permitted.			
Construction Costs		se or acquire the land			
Constituction Costs		struction costs			
	I		osts, including costs to install and anchor the MH on a permanent		
	· ·	quire the MH, and pay construction co ion system	osis, including costs to install and anchor the Min on a permanent		
	Refinance:	aon system			
		any ovieting lions on the land			
	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 cost to install and anchor the MH on a permanent
	foundation system on land owned by the Borrower
	Eligible Costs:
	Materials, cost of labor associate with construction
	Energy-efficient components, systems and installation Crediting and flood and other site insurance and participations are landacering at a second control of the cont
	Grading, seed/sod, and other site improvements such as decks, porches, landscaping, etc. Applicational program of least feed.
	Architectural, engineering, survey and legal fees Water and account on fees.
	Water and sewer tap fees Access fees to other utilities (ges electric telephone and coble)
	Access fees to other utilities (gas, electric, telephone, and cable) Hillities during construction
	Utilities during construction Payrath inconstitution and payraths force.
	Permits, inspection and recording fees Costs associated with construction loop including interest and points.
	Costs associated with construction loan including interest and points If a refinance, closing costs associate with permanent mortgage.
	If a refinance, closing costs associate with permanent mortgage May be included if common to area:
	Kitchen appliances
	Intercom system
	Wiring for media system, computer, cable or satellite that is hard-wired and made part of the premise
	Security system
	Water treatment system that is a part of the property's plumbing system
	May not be included:
	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 diches, etc.)
	Monthly maintenance fees
	Other personal items
Required	Evidence to support that Mortgage is a Construction Conversion,
Documentation of	Sufficient Documentation to validate actual cost to construct (e.g. purchase contracts, plans and specification,
Construction	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
	In addition, the Mortgage file must contain the following documentation, when applicable:
	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	Interest reserve accounts are not permissible;
Construction	Payment history must have no 30-day or more delinquencies in the past 12 months
Financing	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	Integrated Documentation
Туре	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.
	o Follow Appendix D to Part 1026; Multiple Advance construction Loans; Part II, Construction to Permanent
	Financing Disclosed as one Transaction (A)(1)
	o Permanent loan and construction interest rate must be the same Fixed Rate
	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
0	Construction Conversion.
Geographic	New York State (Suspended 12/21/2022)
Restrictions	• Hawaii
	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 shappeds with the evention of Correspondent Delegated LIM transactions.
1	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.
Guidelines	http://www.freddiemac.com/singlefamily/guide/
Forms	See FORMS Section in the Resource Center

OVERLAYS

- Follow all overlays outlined in the Freddie Mac Fully Amortizing Fixed Rate Program Matrix including:
- Correspondent Delegated transactions are not eligible
- 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:
 - o 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;
 - o Must be an in-ground pool, above-ground pools are not permitted
 - o Follow all other GSE, state and local requirements
 - AFR does not permit the Builder to also be the Borrower
- Proposed Site-Built times less than 8 months will require additional AFR review.
- AFR does not permit the construction of an Accessory Dwelling Unit (A.D.U.)
- Site-Built, Modular and Manufactured homes:
 - o Maximum of \$250,000 disbursement at closing for land acquisition or payoff.
- Permit Requirements Prior to Closing
 - AFR will require ONE of the following before closing:
 - 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. (Note: The total construction timeline must account for the estimated permit wait time plus the build time, with the entire project not exceeding 10 months.)
 - Special Provision for projects pending permit issuance post initial loan closing:
 - 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:
 - ✓ 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.
- Maximum of 10 months for construction completion
- Any loan that is classified as a Rebuttable Presumption must have all HPML provisions applied, follow revised General QM definition 1026.43(e)(s)(vi) effective March 1, 2021 and adhere to the limits on points and fees as defined in 1026.43(e)(3)(i).
- AFR will not originate loans as a high cost or predatory mortgage loans and will comply with all state/county requirements pertaining to high
 cost and predatory mortgage loans.
- AFR requires a minimum five percent (5%) contingency of the total cost to construct be built into the contact price.
 - o Manufactured Home transactions do not require the 5% contingency reserve.
- Investment properties are not permitted.
- 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.
- Maximum loan amount based on the current years <u>FHFA baseline conventional</u> conforming loan limit for a 1-unit property (806,500).

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

