

Process for APT – AFR 1 X Close VA Construction Product

(Minimum 60 Day Contracts Accepted – No Exceptions) – Mentor Gary Franklin

Steps for the Referring Loan Officer - APT LO Mentor and Support Staff

*Note the most important item to know on any 1 X Close Construction program is that the builder MUST act as the general contractor for the construction **AND** be approved PRIOR to Application. Please click on the below link to start the Builder Approval Process:

Link: [c39de5_0b917559ca654017b6a16c9ac1440427.pdf \(myfsbretail.com\)](https://myfsbretail.com/c39de5_0b917559ca654017b6a16c9ac1440427.pdf)

*Note that both “Stick Built” and “Site Built” options are only allowed for government loans. Conventional lending is limited to either manufactured or modular financing (Site Built).

REFERRING LO / APT CORR MENTOR:

- 1) Make sure to review the contract and your construction contract estimate that it includes all areas of construction (if applicable unit, electric, plumbing, sewer, well, sodding/seeding, etc.).
- 2) This program requires a builders “soft cost” fee that is determined during the process. This amount at a minimum is 2.2% of the loan amount. This will show as a line item on our loan amount calculation worksheet and can be financed into the loan amount.

Transaction Information		Builder/Retailer & Land Contract Information	
Construction Method Type	Modular	Loan Type	FHA
Interim Construction Draws	Yes	Net Price to the Builder/Retailer	\$332,646.00
# of Requested Draws	5	Land Purchase Price	\$125,000.00
Land already owned?	No	Borrower Paid Interim Construction Payments	No
Existing lien on the land?			
Land being purchased from Builder / Retailer?	No		
Construction Period in Months	6		
L4. Qualifying the Borrower			
Sales Contract Price	\$472,646.00	Total Funds Paid to Builder, including all taxes and fees associated with the build/project	\$332,646.00
Land (INCLUDED in Purchase Price if applicable)	\$	Builder/Retailer agrees to contribute up to this amount towards Buyer's closing cost and/or prepaid items (builder concessions)	\$8,500.00
Refinance (conventional) - Balance of Mortgage Loans on the Property to be Paid off	\$	AFR's Contingency Reserves Amount	\$6,500.00
Borrower Closing Costs including prepaids	\$14,856.61	AFR OTC Admin Fee*	\$6,500.00
Discount (if Borrower will pay)	\$	<i>The builder can add this as a line item expense on the purchase agreement to show this fee is not the builder's.</i>	
Loan Amount	\$399,114.00	• AFR Administration Costs	\$60.47
Seller Credits	\$	• Inspection Draw Fees	\$4,189.53
Other Credits Total	\$88,404.00	• Construction Interest	\$2,250.00
Total Closing Cost Paid by Lender and Other	\$	Contract Price for Home & Improvements (this should be the final price reflected on the builder's contract to the borrower.)	\$347,646.00
Total of Other Assets Applied to Loan	\$	Present Land Value	\$
Cash Deposit On Sales Contract	\$79,904.00	Land Payoff	\$
Seller Credit	\$8,500.00	Land Purchase Price	\$125,000.00
Total Credits	\$88,404.00	Total Acquisition Cost of Property (Purchase Price)	\$472,646.00
Cash From/To Borrower	-\$15.39	Loan to Cost	82.990%
	\$	Loan to Appraised Value	82.579%
	\$	*AFR Operational Expenses including but not limited to: Project Underwriting, Project Approval, Administration during Construction, Interim Construction Interest/Principal and Interest Payments during construction (if applicable), Inspection Fees, Draw Fees, Modification Agreement and Recording Costs.	

3) Other Items to fill in on your URLA (If Applicable):

- A) Enter your total sales contract amount like normal once you received from the builder.
- B) Enter any "Lot Equity" if the borrowers own the land currently under the below two areas in mortgage bot.

Property Details Expenses/Mortgages

Property Address Street Address 70 Rustic Ridge Rd Unit # Zip Code 81137 City IGNACIO State CO County LA PLATA	Title Details Title to the Property Will be Held in What Name(s) Michael Toben Roderick Title to the Property Will be Held in What Name(s) Bridget Ann Roderick Title to the Property Will be Held in What Name(s) Title to the Property Will be Held in What Name(s) Estate Will be Held in Fee Simple Manner in Which Title Will be Held Joint Tenancy with Right of Survivorship	Transaction Details <input type="checkbox"/> Conversion of Contract for Deed or Land Contract <input type="checkbox"/> Renovation Construction-Conversion Type Improvements \$ Construction/Improvements Costs Lot Acquisition Lot Owned Acquired Date \$ Original Cost Present Value of Lot \$ 0
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Other Credits

Earnest Money	\$ Amount
Sweat Equity	\$ Amount
Trade Equity	\$ Amount
Employer Assistance	\$ Amount
Rent Credit	\$ Amount
Relocation Funds	\$ Amount
Lot Equity	\$ Amount
All Lender Credits and Fees Paid by Other	Amount \$ 0
Lender Credit not reflected on LE/CD	\$ Amount

CANCEL **SAVE**

- C) Make sure to mark any land payoff as "To Be Paid" on the liability section on URLA.

- 4) LE Should be set-up like a normal loan in the LO's area. However, please remember:
 - A) Final Inspection fees of \$625
 - B) *Structural Engineers Report for Manufactured Housing Units.
 - C) Must disclose title update fees, at a minimum 5 @ \$150 = \$750
 - D) There may be significant discount points required on this product. Please see the APT Rate Sheet for the exact amount. If there is not a 6% seller concession the program may not be viable. APT will make sure to charge for the appropriate discount on each loan before disclosing.
 - E) In addition to normal fee setup make sure the \$1800 commitment fee is disclosed on all APT Correspondent loans unless an exception has been granted by doing a lender credit from JH on the URLA prior to disclosure. This fee will be used to "replace" any regular underwriting or processing charges (please remove I/A).
- 5) Please remember "Out of Area" loan policy on possible "Transfer Taxes".
- 6) Review to make sure that the services have been ran on all loan products (Credit, DV, Flood, DU or LP).
- 7) Review loan for approvability vs. any AFR Overlays from their site.
- 8) Once the loan is reviewed for approvability, the following disclosures will be required prior to initial disclosure preparation and submission that are required on the program. Please see the APT Website for these disclosures and please upload them to Image Flow. There are disclosures for both the builder and borrower that must be completed.

Builder Link: [c39de5_1dbfc186b06c44f38097531ed0a4ecb7.pdf \(myfsbretail.com\)](https://myfsbretail.com/c39de5_1dbfc186b06c44f38097531ed0a4ecb7.pdf)

Borrower Link: [c39de5_eb2d98d01eba4b2e96f76d7f61779090.pdf \(myfsbretail.com\)](https://myfsbretail.com/c39de5_eb2d98d01eba4b2e96f76d7f61779090.pdf)

There is one disclosure that will be required after the appraisal is received and must be signed by both the builder and the borrower(s).

During Process Link: [c39de5_017f28651da042b782146aec7d9e706.pdf \(myfsbretail.com\)](https://myfsbretail.com/c39de5_017f28651da042b782146aec7d9e706.pdf)

If there are cost overruns on a post-closing basis the below form would be required:

Post Closing Link: [c39de5_c4d3686f6b8e4000adeadc430072dd5b.pdf \(myfsbretail.com\)](https://myfsbretail.com/c39de5_c4d3686f6b8e4000adeadc430072dd5b.pdf)

*If you have any questions on any of these disclosures, please contact Gary Franklin, the assigned Mentor on this product offering.

- 9) Please note that because you are the originating loan officer you MAY receive emails from AFR directly throughout the process requesting items, please forward these directly to your APT Processor and Mentor. COMPLETELY ignore these emails and DO NOT respond.
- 10) Must have Builder Permits no exceptions, PRIOR to closing.

APT CORR MENTOR:

- 11) Please make sure the Purchase Agreement is uploaded to the file.
- 12) Please make sure to upload the AFR “Construction loan Cost Figures” worksheet.
- 13) Please make sure that a BIP is uploaded to Image Flow or Notes have been added to MBOT for processing to do appropriate ordering.
- 14) Please make sure program disclosures are uploaded to Image Flow.
- 15) Do NOT transfer the loan into (NOT copy a new) APT Institution. See screen shot below:

The screenshot shows a web-based interface for loan management. On the left, a sidebar lists various actions: Archive Loan, Change Origination Type, Copy Loan, Edit Fannie Mae Casefile ID, Edit LPA Key, Export Loan, Final, Release from Processor, Flag Employee, and Transfer Loan. A red arrow points from the 'Transfer Loan' option to the 'Intent To Proceed' section of the main form. The main form contains several sections: Home Phone (573-397-1186), Work Phone (573-886-7810), Cell/Alt Phone (573-397-1186), and Fax. Below this is the 'Present Address' section with fields for Address Street (10750 South Pine N), City (Columbia), State (MO), Zip (65203), and Zip Ext. The 'Mailing Address' section is also present but empty. Below the mailing address are sections for 'Co-Borrower Information' and 'Intent To Proceed', which includes a 'Method Provided' dropdown menu.

- 16) Please make sure to make this new loan “Non-HMDA Reportable”.
*This is NOT a delegated product, therefore FSB will not make a credit decision.
- 17) Please make sure to have the three-digit prefix of the loan number sequence changed to a “382” on all loan requests within the MBOT loan that was created.
- 18) Corr Mentor will register each loan.
- 19) APT Corr Mentor will fill out the “APT 1 X Close Construction LE Answer form”.
- 20) APT Corr Mentor confirms the registration is done with AFR and will then send an email to apt@flanagansstatebank.com along with the APT 1 X Close Construction LE Answer form and processing will setup each loan for disclosing out of MBOT. Josh Heinrich and Chris Langel will “backup” this function.