



ONE TIME CLOSINGS

CONVENTIONAL

USDA

FHA

VA

Underwrite and close on construction and permanent financing simultaneously

Phase I

Loan is underwritten

Construction to Perm terms are set

Loan is closed

Phase II

Funds are drawn and disbursed according to the construction contract and draw schedule.

Periodic inspections completed per contract

Phase III

After the construction is complete, lender converts the loan to a permanent structure



PHASES OF THE LOAN PROCESS

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THREE ITEMS NEEDED FOR SALABILITY

- Form 1004 D
- Lien waivers to ensure first lien status of the mortgage is preserved
- Title updated
- Certificate of Occupancy



DETAILED PHASE EVENTS



Phase 1 – Pre-Close	Phase 2 - Construction	Phase 3 -Conversion
<ol style="list-style-type: none">1. Contractor underwriting and acceptance.2. Project review and acceptance.3. Construction phase and permanent phase rates set.4. Credit underwriting and construction-to-permanent loan approval.5. Loan terms closed for construction and permanent phases.	<ol style="list-style-type: none">6. Contractor draw requests processed per contract draw schedule.7. Inspections confirm progress in accordance with draw schedule.8. Completion - Complete 1004D; obtain lien waivers and Certificate of Occupancy.	<ol style="list-style-type: none">9. If necessary, refresh credit and appraisal documents to confirm eligibility.10. Loan converts to permanent terms.11. Permanent loan terms modified, if necessary; only rate, loan amount, loan term and amortization type may be modified.12. Loan sold to Fannie Mae.

CNC OTC MATRIX

PROGRAM	CONV OTC	USDA OTC	FHA OTC	VA OTC
LTV	90%	100%	96.50%	100%
MAX LOAN AMOUNT	CONFORMING LOAN LIMITS & HIGH COST	CONFORMING LOAN LIMIT	FHA COUNTY LOAN LIMITS	CONFORMING LOAN LIMIT & VA JUMBO
FICO	680	650	650	650
STICK BUILT / MODULAR	YES	YES	YES	YES
UNITS	1 UNIT SINGLE FAMILY	1 UNIT SINGLE FAMILY	1 UNIT SINGLE FAMILY	1 UNIT SINGLE FAMILY
CONSTRUCTION TERM	12	12	12	12
OCCUPANCY	OWNER OCC / 2ND HOME	OWNER OCC PRIMARY	OWNER OCC PRIMARY	OWNER OCC PRIMARY
INVESTMENT	NO	NO	NO	NO
MANUFACTURED	NO	YES	YES	YES
CONSTRUCTION INTEREST RATE	8%	PITI PAID	9.00% STICK&MODULAR 10.95% MANUFACTURED	9.00% STICK&MODULAR 10.95% MANUFACTURED
CONSTRUCTION INTEREST PAID	INTEREST ONLY PAID MONTHLY	PITI IS PAID AFTER CLOSE	FINANCED INTO LOAN AND PAID	FINANCED INTO LOAN AND PAID
CONTINGENCY ALLOWED (NOT REQUIRED)	YES 10%	YES 10%	YES 10%	YES 10%
ESCROW MORTGAGE PAYMENTS	NA	YES AS APPRAISL ALLOWS	NA	NA
DRAWS (FUNDED ON WORK COMPLETED ONLY)	UP TO 6	5	UP TO 6	UP TO 6
NUMBER CONTRACTORS	1	1 & CAN HAVE SITE PREP FOR MAN	1 & CAN HAVE SITE PREP FOR MAN	1 & CAN HAVE SITE PREP FOR MAN
REQUALIFICATION NEEDED	YES *see below	NO	NO	NO
HOLDBACK ON DRAWS	NO	YES- 10%	YES- 10%	YES- 10%
MODIFICATION NEEDED	YES	NO	YES	YES
PLANS/SPECS/PLOT PLAN/ COST BREAKDOWN NEEDED	YES	YES	YES	YES
LOT COST DOCUMENTED	NO	NO	YES (if owned less than 6 months)	YES (if owned less than 12 months)
LOT OWNERSHIP REQUIREMENTS	CAN BE OWNED BY BORROWER, BUILDER or THIRD PARTY (with separate contract from builder contract)			
TREATED AS PURCHASE vs REFI	BORROWER OWN LOT = REFI	BORROWER BUYING LOT AT CLOSE = PURCHASE	PURCHASE ALWAYS	PURCHASE ALWAYS
ESCROWS COLLECTED AT CLOSE	YES	YES	YES	YES
FIXED CONTRACT	YES	YES	YES	YES
MI ACTIVATION	AT COMPLETION	IMMEDIATE AT CLOSE	AT COMPLETION	AT COMPLETION
OUTBUILDINGS	ALLOWED PER COMPS	NO	NO	NO
SWIMMING POOL	YES	NO	NO	NO
APPRAISAL	AS COMPLETE	AS COMPLETE	MUST HAVE OPINION OF SITE VALUE	MUST HAVE OPINION OF SITE VALUE
DPA	NO	NO	NO	NO

BUILDER ITEMS NEEDED



- Current YTD P&L
- CNC Builder Registration packet
- Previous year Corporate Tax Returns
- Most current Corporate bank statement
- Executive Summary: Overview of experience and history on Company and Principals
- Builder's/Retailer's License(s): Contractor, Retailer, Installer, etc. as applicable.
- Certificate of Insurance for General Liability (Acord 25 Form). Minimum of \$1,000,000 per Occurrence Required
- Builders Risk policy on property

GUIDELINES SPECIFIC TO FNMA



One Time Close Conv Loan Program

Construction and Permanent financing rolled into one loan

Occupancy	Units	FICO/Score	DU LTV
Primary Residence	1	680	90
Second Home	1	680	90
Manufactured	1	700	90

**Will consider 95% on exception basis if borrower has substantial equity in current home they will be selling.*

Product Overview	Fixed rate 15 or 30-year loan, consisting of construction and then a permanent phase
Contractor/Builder	Must be a full time builder and licensed that is in good standing with suppliers and previous clients. Required to fill out review form and be approved by the construction
Contract Requirements	Fixed price only contracts, NO COST-PLUS contracts allowed. Builder must be turnkey, doing all work, borrower is not allowed to do any of the work.
Eligible Properties	Site Built, Modular & Manufactured Homes. Panelized Homes are considered Site Built. Pre-starts will be considered on a case by case basis. Barndominiums See definition in Eligible Properties.
Appraisal	Must have finalized construction contract, plans, specs, plot plan to submit to appraiser and request value to be assigned "AS COMPLETED" NO Appraisal transfers.
Draws	Up to 6 Draws for Stick-Built. 3 Draws Manufactured. FUNDS ARE DISBURSED ON WORK COMPLETED ONLY. NO FUNDS CAN BE ADVANCED FOR MATERIALS. A closing soft cost draw can be done.
Program Fees	1.00% Construction fee (on Loan Amount), \$1,775 Inspection Fee (based on 5 insp, \$355 per), \$185 Trinity feasibility, \$300 Modification Fee
Escrows	Collect for Escrows at initial closing (HOI will be activated/paid at modification)
Lock & Construction Completion	Construction must be completed within the permanent rate locked period (6, 9 or 12 months) to retain the permanent rate. If construction exceeds the locked period, then the borrower will have to re-lock to current market rates at time of completion

LOAN ADMINISTRATION DETAIL

Fixed rate 15- or 30-year loan which consists of construction and then a permanent phase.

The construction phase provides draws with monthly interest payments to CNC on funds disbursed.

When construction is complete the loan is converted to a fully amortizing loan for the remainder of the loan period.

This is a true one-time close; therefore, the Borrowers will not need to return to the closing agent once construction is complete.

- CNC will fully administer the Conventional OTC and utilize Trinity Loan Administration Services to perform inspections, maintain and disburse construction monies, collection of construction documents and oversight of construction phase.
- The CNC construction department will do the builder reviews.

Types of Loans

- Conforming. These loans will be administered by CNC along with Trinity Loan Admin for draws/inspections.



TYPES OF LOANS

ELIGIBLE PROPERTIES

- Site Built and Modular Homes.
- Manufactured Homes
- Panelized Homes are considered Site-Built Homes for purposes of eligibility for the program.
- Prestarts will be considered on a case-by-case basis.
- Barndominium- 1unit single family steel/post beam (no Morton type or metal exterior siding). Slide #11 to go into more detail.
- Must have concrete slab foundation. No agricultural use

BARNDOMINIM MATRIX

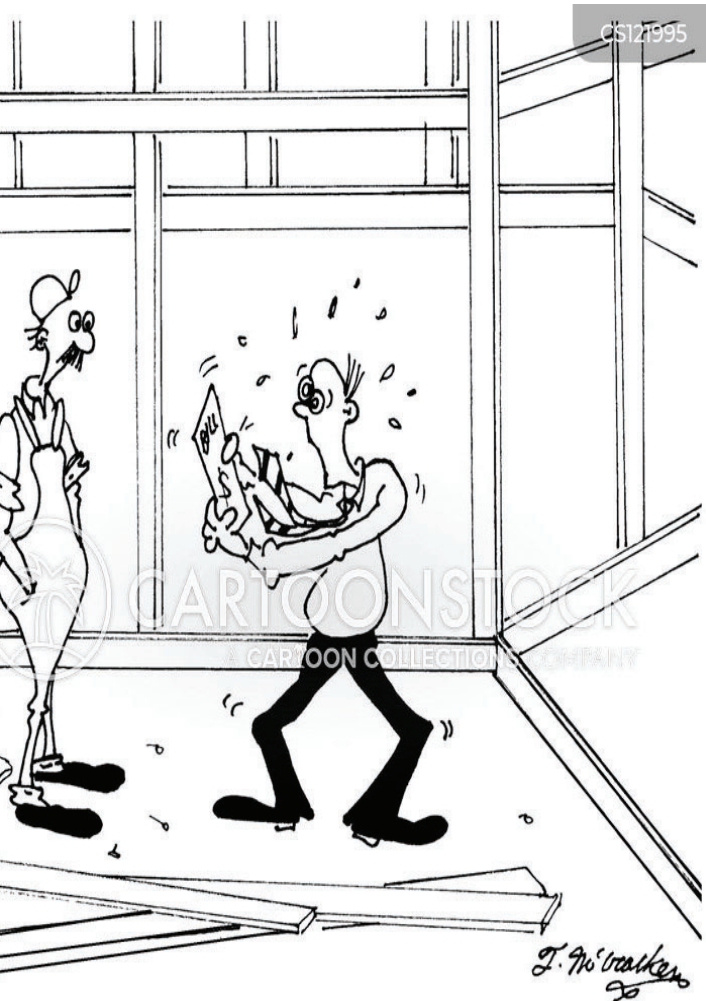
AUS	Must obtain AUS approval. Manual Underwrite NOT permitted
FICO	Minimum 680
Occupancy	Owner Occupied ONLY
Appraisal	Must have acceptable comps within 5-10 miles max. No agriculture, ranch or farmland allowed.
Income	No business income from property permitted.
Foreclosure	Previous foreclosures not allowed.
Structure	1 unit single family, no steel/post beam, no Morton type or metal exterior siding. Must have concrete slab foundation.
Living Area	Minimum 70% of gross sq footage must be for living area.
Agriculture Use	No agricultural use of home (no horse stalls, animal pens, etc.)
Road Access	Property must be readily accessible by roads that meet local standards



INELIGIBLE PROPERTIES

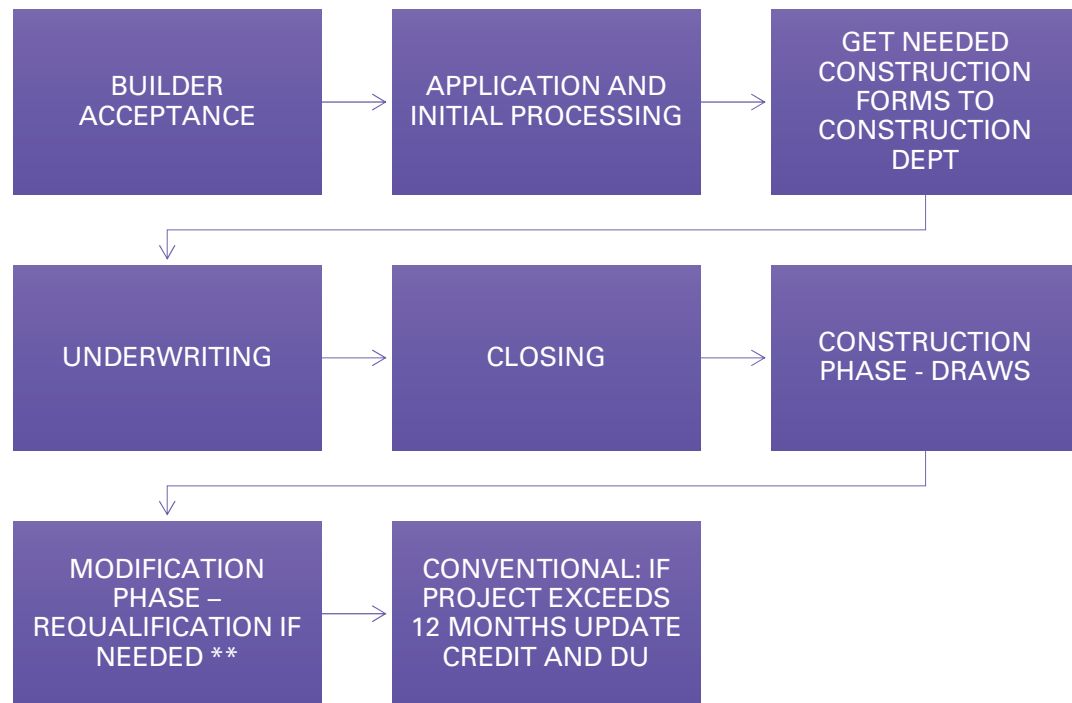
- Log Homes
- Bamboo Homes
- Metal Homes
- Container Homes
- Post-Frame Homes are not
- No self builds or borrower “Do it yourself”. Spec Homes for builders not allowed.
- 2-4Units not allowed.





"What do you mean I'm
not putting in any sweat equity?
I sweat every time you give me a bill."







OTC WORKFLOW




CONVENTIONAL OTC TIMELINE









CONVENTIONAL OTC / ITEMS NEEDED / TIMELINE

 John Hildenbrand
To John Hildenbrand

  Reply  Reply All  Forward  

Mon 4/29/2024 10:41 AM

 You forwarded this message on 5/14/2024 1:31 PM.

 One Time Close Checklist Timeline 01.25.23.pdf 662 KB	 Conv Disclosure- OTC Cust 02.2023.pdf 89 KB	 Single close disclosure- CONV.pdf 435 KB
 OTC Calc Form 2023.pdf 107 KB	 OTC BUILDER REGISTRATION CHECKLIST 08.07.2023.pdf 1 MB	 CONV OTC Guide 12.23.pdf 220 KB
 OTC MATRIX 12.26.23.pdf	 Permit Advisory - Fillable.PDF	

Contact the Constructions department with any problems you may have on qualifying your borrower on the perm rate in MM.

1. Watch the Training Video, link: [Construction One Time Close Training-20230713_140018-Meeting Recording.mp4](#) Conventional starts at the beginning and the set up unique to FHA VA start at the 58 minute mark.
2. **When you get the loan setup in MM email the construction department the name and loan # along with the fully completed OTC Calculation form so we can make sure the file is setup correctly to disclose. All projects should have (construction-Perm) as the Loan Purpose and be marked ADJUSTABLE for Amortization type** for if the project goes past the construction term and the rate goes to market. If borrower owns the lot it is considered a refinance. If they are purchasing the lot at closing it is a purchase.
3. Get the Builder to fill out the Builder Registration Package (attached) The Originator needs to fill out the OTC Checklist / Timeline package (attached)
4. Upon Builder acceptance, DU approval and Project Approval from the construction department, email constructions and upload into MM items needed for the **Appraisal and Feasibility Review (plans,specs,cost breakdown, plot plan & contract)** Full Check list of items below. Cost for feasibility report is \$185.00
5. When the above documents are obtained, and the builder is accepted the processor can order the appraisal and processing can be completed.
6. The LO needs to fill out the OTC Customer disclosure and go over with the borrower and have signed. Send all completed forms to constructions@clicknclose.com

Checklist of Items Needed constructions will be working from.

BUILDER APPROVAL	Needed
CALC FORM	Needed
BUILDERS CONTRACT	Needed
GENERAL LIABILITY INS w/CNC as Cert Holder	Needed
BUILDERS RISK INS w/CNC as Cert Holder	Needed
PLANS SPECS ELEVATIONS	Needed
COST BREAKDOWN	Needed
PLOT PLAN	Needed
PERMIT ADVISORY	Needed
CONVENTIONAL DISCLOSURE- Conv OTC only	Needed

ONE-TIME CLOSE LOAN CALCULATION REQUEST FORM

Please **INCLUDE** your Itemized Fees Worksheet from MM with this request

LO: _____ Retailer/Builder: _____

Borrower(s): _____ Loan #: _____

Property Address: _____

Loan Type: ☐ Conv ☐ USDA ☐ FHA ☐ VA
☐ Stick-Built ☐ Modular ☐ Manufactured

Estimated Close Date: _____ Construction Term (months): ☐ 4 ☐ 6 ☐ 9 ☐ 12

Base Home Sales Price: (Builder Contract Price) \$ _____

Cost of Improvements: (Manufactured only) \$ _____

Lot Cost/Payoff: \$ _____

Deposit w/ Seller/Builder: \$ _____

Does Borrower currently own lot? ☐ Yes ☐ No

If yes, and the lot is being gifted or they have owned for longer than 6 months (FHA) or 12 months (VA), what is ESTIMATED VALUE? \$ _____

If yes, and they have not owned for longer than 6 months (FHA) or 12 months (VA), what was the cost of lot when purchased? \$ _____

Perm Interest Rate: _____ % Term (months): _____ LTV: _____ (Max LTV 90% of or of 10.24.22)
(Conventional)

Appraised Value: \$ _____ UFMIP/Funding Fee: _____ Annual MI: _____

Estimated Monthly Escrows: Taxes \$ _____ Insurance \$ _____

OTC ITEMS NEEDED

- ☐ Contractor Approval
- ☐ Project Approval
- ☐ Plans, Specs, Elevations
- ☐ Cost Breakdown
- ☐ Plot Plan
- ☐ HOCA
- ☐ GL Insurance w/ CNC as cert holder
- ☐ Builder Risk Insurance w/CNC as cet holder
- ☐ Permit Advisory
- ☐ USDA/FHA/VA Packet
- ☐ Conventional Disclosure
- ☐ Builder Warranty (USDA/FHA/VA)
- ☐ Building Permit (Hawaii, CA)

COMMENTS

Amortization Type: Must be Adjustable

Must include Sales Tax or Excise Tax in Base Home Sales Price if incurred – typically seen in manufactured/modular
Must exclude seller/builder concessions to the Base Home Price or Cost of Improvements

FHA VA OTC OVERVIEW



Step by Step FHA/VA OTC Overview

- Step 1:** Verify the builder/retailer is registered with CNC. If builder/retailer is not yet registered, submit the OTC Builder Registration Checklist with all required documents to the Construction Dept. constructions@clicknclose.com
- Step 2:** Submit OTC Calculation Request Form to Construction Dept. **Note: Must include Itemized Fees Worksheet or Closing Cost Worksheet associated with your side (all fees excluding construction) of the transaction for an accurate calculation.** — Please allow 24 hours for turnaround time —
- Step 3:** The Construction Dept will send the calculation results back to submitting LO/processor. These results will aid in the structure of the construction contract and loan amount based on the total costs and expected net funds to the builder/retailer.

Calculation results include:

1. Construction/Permanent Loan Information Sheet: a summary of the transaction detailing how the construction contract price was arrived, acquisition cost, loan amount needed, cash needed to close, etc.
2. Individual Deal Worksheet: a breakdown of all fees and cost used to arrive at the results. This is used primarily for helping you complete your Fees Worksheet and permanent period LE properly.
3. Construction Cost Breakdown: pre-filled with the contract information and ready to be fully completed and signed by the Builder/Retailer
4. Purchase Agreement/Construction Contract Worksheet: pre-filled with the breakdown of the contract price, shows estimated net revenue for the home and improvements to the Builder/Retailer, and ready to be signed by the Builder/Retailer. This will be critical in getting an addendum to the construction contract, to match the new total construction amount, that will be sent to the appraiser.

Never send an original construction contract to the appraiser without a signed addendum by builder and borrower.

*****If at any time the fees/costs change, you must notify the Construction Dept of changes as this can affect sales price & loan amount. Construction Dept will then update calculation results for you. *****

- Step 4:** Prepare and submit package to CNC underwriting
- Construction Dept will assist with proper completion of the 1003 and construction LE prior to submitting package to underwriting
- Step 5:** Once the construction project and borrower application file are cleared of all prior-to doc conditions, we are able to move forward to closing
- Step 6:** Closer to notify Construction Dept when preparing CD and closing docs for Construction Dept review/approval of accuracy.
- Step 7:** Construction Dept and Trinity Admin to contact builder/retailer and borrower with welcome email to instruct on draw process
- Step 8:** Construction Complete — Convert to permanent financing



CONSTRUCTION COST WORKSHEET



Click N Close
15301 Spectrum Dr. # 405
Addison, TX 75001

One-Time Close
Construction/Perm Loan
Information

Site Built Construction Contract Worksheet

Pilcher- 1002382006

Borrower(s) Name

**16100 Beetree Lane, Wagrum, NC
28396**

Property Address

Strickland Builders

Builder/General Contractor

Base Home Sales Price

~Includes Sales Tax and/or Excise Tax

\$575,000.00

Cost of Improvements

\$0.00

Contractor Paid: Borrower's Closing Costs/Prepays

~aka Builder's/Seller's Contributions

\$23,946.00

Contractor Paid: Seller's Closing Costs

\$0.00

Construction Soft Costs

~Costs associated with construction/interim financing

\$8,871.22

Estimated Construction Interest based on 12 Months*

~See "Agreement Regarding Payment of Interest"

\$27,804.55

Total Sales Price of Home and Improvements

~Must match Final Contract Amount

\$635,621.77

Estimated Net to Retailer including, if applicable, any Deposits &/or Trade-In

\$575,000.00

BREAKDOWN OF RETAILER'S CONTRACT PRICE

Breakdown of Retailer's Contract Price	
Base Home Sales Price	\$ 130,646.01
Cost of Improvements	\$ -
Contribution to Buyer's CCs/Prepays	\$ 13,000.00
Builder's Closing Costs	\$ -
Construction Financing (Soft) Costs	\$ 5,497.69
Estimated Construction Interest	\$ 9,307.14
FINAL CONTRACT PRICE FOR HOME & IMPROVEMENT	\$ 158,451.00
Est. Site Value of Land	\$ 100,000.00
TOTAL ACQUISITION COST/PURCHASE PRICE	\$ 258,451.00

Construction Financing (Soft) Costs	
Construction Fee to MAM	\$ 2,490.79
Construction Feasibility Fee to Trinity	\$185.00
Construction Admin Fee to MAM	\$750.00
Inspection Fee to Trinity	\$1,775.00
	\$0.00
Final Inspection Fee to Appraiser	\$250.00
TOTAL:	\$5,450.79

Estimated Construction Interest	\$ 9,716.62
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USEFUL FAQ'S

Purchase

- The borrower is not the owner of record of the lot at the time of the closing

Purchase LTV Calculation

- Divide the loan amount of the OTC financing by the lesser of – the purchase price (sum of the cost of construction and the sales price of the lot), *OR* the “as completed” appraised value of the property(the lot and improvements).

Limited Cash-Out Refinance

- The borrower is the owner of record of the lot at the time of closing

LCOR LTV Calculation

- Divide the loan amount of the OTC financing by the “as completed” appraised value of the property(the lot and improvements).

AUS Approval

- No manual decisions. Must have DU Approval.

FHA/VA

- These are set up as a purchase.
- The lot value will be added to the amended contract price for the total acquisition cost.
- If there is any equity it is added as credit to the detail of transaction.

USEFUL FAQ'S

Interest Rate and Locks

- **Permanent Rate**
 - The permanent note rate is locked in Mortgage Machine and fixed till the end of completion per the construction agreement. The loan purpose selected is *Construction to Perm*.
 - All locks are for 30 days.
 - If construction is not finished by the completion date the rate will be repriced to current market rate.
- **Construction Rate**
 - Will be set by the CNC Construction Department and is subject to change periodically. Currently 8.00%

OTC Fees

- There are fee templates for each OTC program
- FHA and VA construction fees are rolled into the builder's price and financed; they will not show on the CD.
- 1.00% Construction Fee to CNC (on loan amount).
- \$300 Modification Fee to CNC
- \$750 Administration to CNC
- \$1,775 Inspection Fees (Typically 5 draws including final): To Trinity
- \$185 Feasibility to Trinity
- \$350 Final inspection fee to Appraiser
- \$150 Title Update
- \$500 Final Survey

MORTGAGE MACHINE

Loan Fees

Open Loan

Close Loan Import Data

Summary Pricing Compliance **Fees** Truth-In-Lending URLA & Forms Processing

Rates and Points Override: On **Off** This loan is not locked

Unallocated Seller Credit \$ 0.00

Estimate Available Through 3/23/2024

Active Product [No product has been selected] [Select Product]

Rules Warnings:
TIL is missing an interest rate.
[Refresh List](#) | [Report Incorrect Error Message\(s\)](#)

Add New Fee Add Closing Adjustment Impounds Certify APR/Fees TRID Calendar History

Fee Templates

Integrated Disclosure Click n Close Title Endorsements TX A6 Construction - 203k Full Fee Template Construction - 203k Limited Fee Template Construction - Conventional Fee Template Construction - HS Fee Template Default - Purchase (All Fees) Default - Refi (All Fees) Default- VA Purch (All Fees)

A. Origination Charge

Interest Rate Discount

Processing Fee

Administration Fee

Amount	LE Initial Data Paid By Provider	Amount	CD Prod. Data Paid By Shopped/Provider
\$9.00	LE: \$1,649	\$1,649.00	
0.00	Borrower	0.00	Borrower
0.00 %		0.000 %	
0.00	Borrower	350.00	Borrower
1,299.00	Borrower	1,299.00	Borrower

Conventional OTC

Item	Description	Amount	Category	Shop Status
Construction Fee	1% of loan amount	CNC	Origination	
Modification Fee	\$300.00	CNC	Origination	
Construction Admin	\$750.00	CNC	Origination	
Appraisal - Final Inspection	\$350.00	Appraiser	Services you can NOT shop for	
Feasibility	\$185.00	Trinity	Services you can NOT shop for	
Draw Inspections -	\$1,775.00	Trinity	Services you can NOT shop for	
Title Update Fee	\$150.00	Other	Services you can shop for	
Final Survey	\$500.00	Other	Services you can shop for	

FHA AND VA OTC DETAILS



	previous clients. Required to fill out review form and be approved by the construction department. ONLY 1 BUILDER / CONTRACTOR ALLOWED
Contract Requirements	Fixed price only contracts, NO Cost-Plus contracts allowed. Builder must be turnkey, doing all work, borrower is not allowed to do any of the work.
Eligible Properties	Site Built, Manufactured , Modular Homes. Panelized Homes are considered Site Built. Pre-starts will be considered on a case by case basis. Barndominiums See definition in Eligible Properties.
Appraisal	Must have finalized construction contract, plans, specs, plot plan to submit to appraiser and request value to be assigned "AS COMPLETED" NO Appraisal transfers.
Draws	Up to 5 Draws. FUNDS ARE DISBURSED ON WORK COMPLETED ONLY. NO FUNDS CAN BE ADVANCED FOR MATERIALS. A closing soft cost draw can be done.
Program Fees	1.00% Construction fee (on Loan Amount), \$885 Inspection Fee manufactured, \$1,475

USEFUL CONVENTIONAL FAQ'S

- The builder can pay the construction interest for the borrower – the amount must meet FNMA guidelines.
- The lot must / will be paid off at closing
- NO Appraisal transfers allowed
- **NO work is to be done by borrower or builder prior to close**
- The loan amount CANNOT be increased after closing.
- Pools (case by case), barns, and guesthouses are allowed providing they are supported by comparables.
- Draws will be funds wired to the builders account within 24 hours after approval by the CNC Construction
- Department providing the request is in by 11:00 am central time
- “Cost Plus” build jobs allowed only on a **case-by-case basis**. The Construction CNC Department must review the contract and borrowers’ application to ensure adequate reserves are available.
- A “Guaranteed Maximum Price Contract” will be required

ITEMS NEEDED FOR BUILDER APPROVAL



Builder items needed:

Current YTD P&L, previous year Corporate Tax Return, and most current Corporate bank statement
Executive Summary providing an overview of experience and history on Company and Principals
Builder's/Retailer's License(s): (Include Contractor, Retailer, Installer, etc., as applicable).
Certificate of Insurance for General Liability (Acord 25 Form): Minimum of \$1,000,000 per Occurrence Required. & Builders Risk policy on property.
VA Approval Letter: Builder must provide evidence of VA approval on all VA loans
Read Full Guides to be acquainted with all requirements on the program.

USDA ONE TIME CLOSE



USDA One Time Close Loan Program

Construction and Permanent financing rolled into one loan

Occupancy	Units	FICO/Score	GUS LTV
Primary Residence	1	650	100

Product Overview	Fixed rate 30-year loan that goes directly into full PITI payments after closing.
Contractor/Builder	Must be full time builder and licensed that is in good standing with suppliers and previous clients. Required to fill out review form and be approved by the construction department. ONLY 1 BUILDER / CONTRACTOR ALLOWED
Contract Requirements	Fixed price only contracts, NO Cost-Plus contracts allowed. Builder must be turnkey, doing all work, borrower is not allowed to do any of the work.
Eligible Properties	Site Built Manufactured and Modular Homes. Panelized Homes are considered Site Built.
Appraisal	Must have finalized construction contract, plans, specs, plot plan to submit to appraiser and request value to be assigned "AS COMPLETED"
Draws	Up to 5 Draws. FUNDS ARE DISBURSED ON WORK COMPLETED ONLY. NO FUNDS CAN BE ADVANCED FOR MATERIALS. A closing soft cost draw can be done.
Program Fees	\$875 Construction fee (\$175 at application, non refundable), \$1,200 Inspection Fee (based on 6 insp, \$200 per), Title update fee for each draw

Builder items needed:

Current YTD P&L, previous year Corporate Tax Return, and most current Corporate bank statement
Executive Summary providing an overview of experience and history on Company and Principals
Builder's/Retailer's License(s): (Include Contractor, Retailer, Installer, etc., as applicable).
Certificate of Insurance for General Liability (Acord 25 Form): Minimum of \$1,000,000 per Occurrence Required. & Builders Risk policy on property.
Read Full Guides to be acquainted with all requirements on the program.

USDA ALLOWABLE FEATURES



Allowable Features

Eligible Properties

- 1 Unit Single Family Only – Detached Site Built and Manufactured Homes
- Primary Residence Only. PUDs acceptable.
- Manufactured Homes must be new, never occupied and doublewide or larger.
- Acreage – Maximum land is limited to 10-acre parcels. No portion of the land can be agricultural, rentable or capable of producing income; multiple parcels are not allowed. GUS findings or the local USDA office may require evidence that the land cannot be subdivided.
- Properties may only have minimal, small outbuildings. No major outbuildings - outbuildings are limited to 1 small outbuilding such as a garage, storage shed, or small shop.
- Properties must be located on a paved or all-weather road.
- Well work OK with satisfactory Bids from licensed Well and Water Drilling Company.
- New Septic Installation considered on a case by case basis with satisfactory Bids from licensed Septic Installation Company.
- Property with existing Septic System will require evidence of most recent annual or bi-annual satisfactory Septic Inspections required from licensed Septic Company to meet Local Health Authority requirements. No Septic inspection older than 2 years old will be acceptable.
- Location Restrictions – See USDA Eligibility Map – <https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
- Private Septic & Wells Acceptable – must be part of contract.

USDA INELIGIBLE PROPERTIES

Ineligible Properties

- 1-unit properties with accessory units
- Single Wide Manufactured Homes
- Condominiums
- Condo-Tels, Co-ops, & Timeshare Units.
- No Pre-Starts
- Properties located in an area not designated as rural by RHS
- Working farms, ranches, income producing properties
- Properties with water purification system. *Hawaii properties allowed.
- 2 – 4 unit properties
- Leasehold Properties.
- No Land Loans
- No Unique/Niche Construction (i.e. no log homes, no metal homes, no tiny homes, no storage container homes, no barndominiums)
- The following are ineligible: Life Estates; Blind Trusts; Irrevocable Trusts; Realty Trusts; Illinois Land Trusts; Leasehold Estates; 1031 Exchanges; LLCs, Corporations and Partnerships; Community Land Trusts; American Indian Land.

Occupancy Type

Owner-Occupied Primary Residence Only



USDA OTC FEES AND FAQ'S

OTC Fees

- CNC Branch Customary Fees i.e. Admin & Processing
- CNC Construction Fee - \$875 (\$175 To be collected up front at application. Non refundable if loan does not close.)
- Draw Fees = \$200 per draw x estimated 6 draws
- Title update fee for each draw
- Actual cost of Final Survey

FAQ / Miscellaneous

- Draws will be funds wired to the builders account within 24 hours after approval by the CNC Construction Department providing the request is in by 11:00 am central time.
- The lot must / will be paid off at closing
- NO Appraisal transfers allowed
- **NO work is to be done by borrower or builder prior to close**
- The loan amount CANNOT be increased after closing.
- "Cost Plus" build jobs allowed only on a **case by case basis**. The Construction CNC Department must review the contract and borrowers' application to insure adequate reserves are available. And a "Guaranteed Maximum Price Contract" will be required.
- Should the project go over the established time limits, contractor must agree to be contractually liable to make the monthly PITIA payments until completion. Extension of construction time limits require CNC Senior Management approval.
- Contingency reserve will be set at or about 10% of the construction contract amount if stick built. 10% of site work only if manufactured or modular. Full contingency waiver requires builder to take contractual responsibility for all cost overruns. Builder must be experienced with substantial financials to qualify for contingency waiver. Contingency may be financed if supported by appraisal.

USEFUL FORMS and LINKS

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USDA Single Close Guidelines: <https://www.rd.usda.gov/files/RD-RHS-SFHGSingelCloseLendersBuildersInfo.pdf>