



Click n' CloseTM

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

****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 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 and 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 or 6 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), \$1,475 Inspection Fee (based on 5 insp, \$295 per), \$175 Trinity feasibility, \$100 Trinity Admin \$200 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

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.



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General Description

This product is a 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.

Administration

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.

Allowable Features

Types of Loans

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

Eligible Properties

Site Built and Modular 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- 1 unit single family, no steel/post beam, no Morton type or metal exterior siding. Must have concrete slab foundation. No ag use

Ineligible Properties

Manufactured, Log Homes, Bamboo Homes, Metal Homes, Container Homes, and Post-Frame Homes are not eligible for the program. No self builds or borrower "Do it yourself". Spec Homes for builders not allowed. 2-4 Units not allowed.

Occupancy Type

Owner-Occupied and Second Homes.

Maximum Loan Amounts

Conforming and high balance limits.

Minimum Credit Scores

Minimum credit score is 680

Maximum Loan to Value

90% LTV for One Unit, single family detached



Borrower's Payments of During Construction

Interim Interest Rate: Interim interest only accrues on funds disbursed, not the full loan amount. The interim rate will be the construction rate at time of closing. A monthly interest form will be mailed to the borrower the first of the month with interest due on the 15th of the month.

The borrower is responsible for paying any taxes due during construction because there is no escrow account established until modification.

Legal Documents Preparation

Initial, Closing, and Construction Documents are prepared by CNC.

Completion and Draw Schedule

Builder Completion

Builder must provide and be responsible for turnkey completion services. Borrower cannot be responsible for any construction items. Therefore, the Builder must act as the Construction Coordinator/General Contractor for the home and all improvements including site work to be completed on the project.

Draw Schedule

At loan closing, CNC can fund construction soft costs, land cost/payoff (if applicable), and modular home deposit up to 10% on unit cost. CNC does not fund an upfront draw to the Builder for improvement work, however, interim draws are available to the Builder after closing for work in place. Construction draws are based on the line-item percentage of completion method. Funds are only released for work in place and/or for the modular unit.

Draw Requests

Requests by the Builder are made via a web portal or email to Trinity Loan Admin. The program offers up to six draws to the Builder after closing and including the final draw. Additional draws may be allowed at a cost to the Builder of \$295 per draw. Upon receipt of a draw request, the CNC Construction Department will have an independent firm inspect the property and return to us photos and a report with the percentage of completion of each improvement item shown on the Construction Cost Breakdown that the Builder completed prior to closing. Trinity Admin will match each line item's percentage of completion with the budgeted amount shown on the Construction Cost Breakdown to determine that draw's dollar amount. All funds will be disbursed directly to the Builder, other than the modular home unit invoice, which will be paid directly to Manufacturer, unless the Builder can provide proof that they have already paid it themselves. The CNC Construction Department does not disburse draws to individual subcontractors that the Builder may be utilizing.



Responsibilities and General Flow

Post-closing and during the construction phase, Trinity Loan Administration is the Builder's direct contact for all matters related to construction including draws and collection of final construction related conditions. The CNC Construction Department will work directly with Trinity Loan Admin. through the end of the construction phase.

Underwriting will require the Builder and Project approval prior to final clear to close, so they can decision the loan based on correct figures and approvals from the CNC Construction Department.

When all conditions for closing are cleared, other than the final construction related conditions, the OTC Loan then closes in CNC's name. CNC's closing documents include the documents for both the construction portion and the permanent of the loan. Once closed and recorded, construction can begin.

Where to Start

Builder Acceptance

The builder review checklist can be accessed through Mortgage Machine or requestd from Construction Dept. Once the builder has completed all items on the checklist, the branch will email everything to the CNC Construction Department at constructions@clicknclose.com and allow 2-3 days for it to be reviewed by the construction department team. The CNC construction department will contact the suppliers, subs and run a single bureau credit report along with a Business credit report. The construction department will notify the branch by email of the acceptance upon completion of these items.

Application & Initial Processing

After the Loan Officer receives an initial loan application and the construction information from the builder, the Loan Officer/Processor will submit the OTC Calculation Form to the Construction Department at constructions@clicknclose.com and the const dept with ensure file is setup correctly in MM. The OTC Calculation Form can be accessed through Mortgage Machine.

Amortization Type must be set-up as **ADJUSTABLE RATE**. If project goes beyond lock term the rate will expire and be adjusted to current market rate.

Prior to closing if the contract price changes, please notify the CNC Construction Department at constructions@clicknclose.com to let them know what has changed.

Underwriting

The credit file will be underwritten by the CNC Underwriting team while the builder and the construction project will be reviewed and approved by the CNC Construction Department. If the LTV is > 80% the MI is not activated until completion by the processor updating the file for modification.



Closing

When CNC Underwriting issues a “Clear to Close”, this indicates the credit file and the construction file are complete, the file can then move to the CNC Closing Dept.

The CNC Closing Dept. then prepares the file for closing by requesting construction figures from the construction department. The loan closes with the borrower only paying the down payment and closing costs. Lot equity can be used for down payment & closing costs.. Escrows are collected at closing. The builder can take a draw at closing for soft costs.

Any commissions being paid by the builder to a realtor per the contract would be paid upon completion. Any commissions paid by the land seller to a realtor would be paid at closing as the land is being paid off at this time. The loan officer commission will be paid at loan closing.

Construction Phase – Draw Procedures

The construction phase can be one of three terms: six, nine or twelve months. The builder will request a draw via the Trinity Loan Admin. Portal or email. The proceeds are wired to the builder's account. The builder can typically expect their funds within 3-4 days of the draw request. Building permits must be submitted prior to any construction funds being drawn.

If the construction extends past the completion date, a \$750.00 monthly fee can be charged to the borrower, and the **borrowers will forfeit their locked rate.**

Post-closing and during the construction phase, Trinity Loan Admin. will be the direct contact for all matters related to construction including draws.

Modification Phase / Requalification

Credit Requalification is no longer required when the representative credit score is 700 or higher, unless the LTV ratio increases due to a decline in property value. On the final inspection if the appraiser notes the values have declined a new appraisal will be needed. Also if the project goes beyond 12 months a credit requalification will be required. The construction department will get with the originating branch to update the documents.

If required a new credit report and DU findings will be required along with obtaining new supporting documents from the borrower; i.e. current paystubs, W2s, and bank statements. CNC underwriting will review and approve the updated documents.

When the home is completed the CNC Construction Department will provide the processor with the final inspection, the completion cert signed by borrower and builder, and the final title update and survey update from the title company.

The processor will request a homeowners' insurance binder, and then submit to the CNC Construction Department who will prepare the modification documents for the borrower.

If there is a Well and/or Septic system, the processor will need to provide a well and septic cert to closing prior to executing the modification.



Also, at this time if the borrower wants to make additional principal reductions, the loan amount and P&I can be adjusted accordingly.

The CNC Construction Department will email the modification package to the borrower. A docusign will also be sent with the first payment letter and escrow disclosure statement.

Modification will be effective the first day of the month following completion and the first perm payment will be due to servicing the first day of the month following the effective date. Example: Construction completes 1/10, effective date of mod is 2/1, first payment due 3/1

FAQ

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).

Application

Add the subject property to the REO section. Line D = Refinance Amount on the DOT and must include the payoff of any liens against the land.

Financing Closing Costs

Closing costs can be financed through lot equity currently owned by the borrower providing the LTV does not exceed 90%.

I/O Payment During Construction: Interest Reserve Account

The lot equity can be used to setup an interest reserve account to pay the I/O payment during construction. See the CNC Construction Department for the calculation and approval on a case by case bases.

AUS Approval

No manual decisions. Must have DU Approval.

Just because you have a DU Approval does not mean a project approval will be given. The construction department will give final project approval.



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.*

Within 30 days of loan modification docs being signed, the rate can float down to a 1/4 point over the CNC 30 day current rate on same type pricing. (Example; 30 yr par quote 30 day lock)

The construction department will run the rate to determine if the float down is viable.

Construction Rate

Will be set by the CNC Construction Department and is subject to change periodically. Currently 8.00%

What is the borrower's payment during construction?

- The borrower pays interest only on funds disbursed during construction.
- The borrower is responsible for paying any real estate taxes during construction.

Requalification: Disclosures to Borrower

On the final inspection if the appraiser notes the value has declined a new appraisal will be needed. Also if the project goes beyond 12 months or if the representative credit score is under 700 a credit requalification will be required. If either of these issues occur the construction department will get with the originating branch to update the documents. The borrower is required to meet the same credit criteria as the original approval. It is imperative that they incur no additional debt and maintain their credit worthiness. Employment and asset information will need to be recertified along with obtaining a new credit report and appraisal recertification. The borrower needs to contact the construction department prior to any job change before completion of your home. No other liens are to be attached to the property prior to modification. A drop in their credit score (FICO) at modification may result in your permanent interest rate to increase.

Interest will be owed up to the date the loan is converted to the permanent phase

Before CNC can issue the final draw, we must have: Evidence of insurance, completion form signed (by both borrower and builder) and the final inspection from the appraiser. CNC will order a title update and final survey.



OTC Fees

- CNC Branch Customary Fees
- 1.00% Construction Fee to CNC (on loan amount).
- \$200 Modification Fee to CNC
- \$100 Administration to Trinity
- \$1,475 Inspection Fees (Typically 5 draws including final): To Trinity (\$295 for additional inspections)
- \$175 Project Review to Trinity
- Actual cost for final inspection/recert of value from the appraiser
- Actual cost of Title Update
- Actual cost of Final Survey

Miscellaneous

The builder can pay the construction interest for the borrower – the amount must meet FNMA guidelines.

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.

Pools, barns, and, guesthouses are allowed providing they are supported by comparables.



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Barndominiums

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