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**Fwd: AFR Ae**

1 message

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 To: Mike Porter <mporter@rdhloans.com>

Mon, Feb 5, 2024 at 1:43 PM

I can confirm you are still active with AFR and can broker OTC loans. Yes, we do offer VA OTC.

AFR offers OTC under FHA, VA and USDA on Gov't side and Fannie/Freddie on Conventional. For Conventional, we have a current suspension on site/stick built homes, so only manufactured or modular for Conv. OTC.

For Gov't OTC, we allow for site/stick built (Single Family Detached), Manufactured and Modular builds.

For our One Time Close program, it is also mandatory for everyone to take the training webinars in order to originate it with us.

Below are direct links to the on-demand webinars if you needed them:

**Conventional OTC Overview** - <https://register.gotowebinar.com/recording/7519706677120232962>

**Gov't OTC Overview Part I** - <https://attendee.gotowebinar.com/recording/5106305050793615965>

**Gov't OTC Overview Part II** - <https://attendee.gotowebinar.com/recording/1246838916486064903>

**How to Register OTC Loan** - <https://attendee.gotowebinar.com/recording/5636680857555834635>

No construction can begin until after closing and we have a max initial disbursement of \$250,000 for land acquisition at closing.

Typically the first step is to register the builder to ensure we can all work together. From there the lender max qualifies the borrower runs AUS to determine overall purchase power. This is discussed with builder and borrower so they can determine the type of home and the cost so they can also narrow down how much land they can afford. Also, the builder would want to be involved to some extent with the land purchase to ensure the lot is buildable and suitable for the type of home the borrow wants. If it is they would go under contract for the land.

I want to provide you some time lines to assist.

Builder registration could take 5 business days give or take, this is after the lender partner submits the completed builder registration packet to AFR to review.

Submission from setup to UW is typically 24-48 hour after you submit the file to setup.

Underwriting is typically 24- 48 hours.

Any conditions uploaded by the lender partner are reviewed and decisioned within 48 hours of the upload.

If this is yours and the builders first OTC the turn time from initial UW typically trends 60+ days.

Below is the link where you would obtain the specific builder packet, you can scroll to the Forms/ Resources and look under Builder/ Retailer Registration Packets:

<https://resources.afrloancenter.com/pages/content/construction-loans>

We are going to need a couple documents to complete the document gathering section in the builder registration process as all builder documents expired and the documents need to be updated. **We are going to need the entire signed program outline, a fully filled out signed questionnaire, a reference list, a certificate of general liability insurance, workers compensation, general contractor license, and a W-9.** If you need further direction, you can review the word document which explains the entire builder registration process and what we want to see on all documents.

I would recommend adding the correct contact and builder information into your "My Builder's" List on AFR Loan Center

You will have an Add New Builder button you can click. Once created, you can upload the completed documents and packet into their profile.

## One-Time Close (OTC) Construction Program Offerings

Program	Financing Eligibility	Eligible Terms	Eligible Property Types	Builder Draw Options During Construction	Borrower Paid Construction Interest
<b>FHA</b>	<ul style="list-style-type: none"> <li>Max LTV 96.5%</li> <li>Min FICO Score 620</li> <li>Min FICO Score 660 if Site-Built</li> </ul>	15 – and 30 – year fully amortized fixed	<ul style="list-style-type: none"> <li>Site-Built</li> <li>Modular</li> <li>Multiwide MH</li> </ul>	Draw and No Draw	Optional
<b>USDA</b>	<ul style="list-style-type: none"> <li>Max LTV 100%</li> <li>Min FICO Score 640</li> </ul>	30- year fully amortized fixed	<ul style="list-style-type: none"> <li>Site-Built</li> <li>Modular</li> <li>Multiwide MH</li> </ul>	Draw and No Draw Note: Site-Built, not availed for No Draw Options	No
<b>VA</b>	<ul style="list-style-type: none"> <li>Max LTV 100% not including VA Funding Fee</li> <li>Min FICO Score 620</li> </ul>	15 – 30 – year fully amortized fixed	<ul style="list-style-type: none"> <li>Site-Built</li> <li>Modular</li> <li>Multiwide MH</li> </ul>	Draw and No Draw Note: Site-Built, not availed for No Draw Options	No
<b>Conventional</b>	FNMA <ul style="list-style-type: none"> <li>Max LTV 95%</li> <li>Min FICO Score 700</li> </ul>	15, 20, or 30- year fully amortized fixed	<ul style="list-style-type: none"> <li>Modular</li> <li>Multiwide MH</li> <li>MH Advantage</li> <li>CHOICEHome</li> </ul>	Draw and No Draw	Required
	FHLMC <ul style="list-style-type: none"> <li>Max LTV 90%</li> <li>Max LTV 97% for CHOICEHome</li> <li>Min FICO Score 720</li> </ul>				

## Lot Equity and Use Toward Contribution for Government and Conventional

Property Type	Equity Contribution	Lot Ownership/Seasoning for LTV
<ul style="list-style-type: none"> <li>MH</li> <li>Modular</li> <li>Site Built</li> </ul>	FHA – Yes	<p>Land value if owned &lt; 6 months at case assignment = the lesser of the cost of the land, or appraised site value of the land</p> <p>Land value if owned &gt; 6 months at case assignment = Appraised site value of the land</p> <p>Land received as an acceptable gift = Appraised site value of the land</p>
<ul style="list-style-type: none"> <li>MH</li> <li>Modular</li> <li>Site Built</li> </ul>	VA – Yes	<p>Land value if owned &lt; 12 months at closing date = Lesser of the cost of the land, or appraised site value of the land</p> <p>Land value if owned &gt; 12 months at closing date</p>
<ul style="list-style-type: none"> <li>MH</li> <li>Modular</li> <li>Site Built</li> </ul>	USDA - Yes	<p>The fair market value of the proposed (to-be-constructed) subject property will be utilized to establish the maximum loan amount.</p> <p>Land value is based on the value as reported in the appraisal report, with no seasoning requirement.</p>
<ul style="list-style-type: none"> <li>MH</li> <li>Modular</li> <li>Site Built – Temporarily Suspended</li> </ul>	Conventional - No	<p>Transaction Type: Purchase Borrower is not the owner of record of the lot at closing:</p> <ul style="list-style-type: none"> <li>Site built and Modular – Lesser of purchase price (purchase price of the land and total construction costs), or Appraised value, as completed.</li> <li>MH – 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.</li> </ul> <p>Transaction Type: Limited Cash-out (DU)/No Cash-out (LPA) Refinance Borrower is the owner of record of the lot at closing:</p> <ul style="list-style-type: none"> <li>Appraised value of the mortgaged premises, as completed.</li> </ul>

We just reinstated this for FHA OTC Site built in Sept., but with some changes:

**Submissions will begin being accepted as of September 26, 2023.**

**Programs impacted:**

- FHA: One-Time Close Construction

**The One-Time Close Construction program guideline overlays will be updated on September 26, 2023, to include the following:**

- Minimum FICO 660
- Borrower Paid Compensation Only
- Should the borrower opt for Interest Only payments during the construction phase, AFR will also evaluate the borrower's total monthly income in relation to their existing housing expense, projected taxes, other liabilities, and the interest-only payment. The ratio must not exceed **45%**.
  - If the ratio surpasses this threshold, the application will undergo a re-underwriting process, and there's a possibility that the borrower may receive a counteroffer that excludes the option for interest-only payments during construction.
- Maximum loan amount per FHA county loan limits. High Balance loans are permitted
  - The overlay of the Maximum loan amount of **\$726,200** has been removed.

**Below are the full guidelines with these overlays bolded throughout:**

<https://resources.afrloancenter.com/programs/fha-one-time-close-construction/guidelines>

any questions, please let me know.

Thank you!

Michael

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**3 attachments**

 **Builder Registration Process and Doc breakdown Builders (002).docx**  
15K

 **One-Time Close-OTC-Builder Retailer Registration Packet-Draw-Brokered.pdf (22).pdf**  
754K

 **658 AFR One Time Close Program - Outline and Acknowledgement Agreement DRAW\_Broker 6.2023.pdf.pdf**  
540K