



FRB ONE TIME CLOSE CONFORMING CONSTRUCTION PERMANENT LOAN
(5/6, 7/6 Arm's & Fixed 10-30)

PURPOSE: CtoP loan when borrower has a licensed, bank approved builder with a turn-key contract.

OPTIONS:

1. **Keep initial product/rate:**

>Only need to modify the first payment date.

2. **Modify to the prevailing fixed rate mortgage:**

>LTV must be 80% or less. *

>Modify to the prevailing fixed rate within 12-18 months of the initial closing. If not, loan will remain at original terms. **RATE WILL NOT BE LOCKED UNTIL THE CERTIFICATE OF OCCUPANCY IS RECEIVED.**

>Subject to secondary market income/credit qualifying guidelines.

3. **Float down to the 5/6, 7/6 Prevailing market rate.**

4. **Fixed Rate Float down to .25% above the prevailing 60-day price. (30 days within CO.)**

Every borrower **must choose a loan option approximately 60 days from completion;** otherwise, they will remain at the original loan product.

The following procedures will apply at modification or float down:

LTV \leq 80% and credit is greater than or equal to 720. If credit docs are older than 12 months old, the loan must be re-processed and re-underwritten to secondary market requirements; **ALL docs must be updated including a new appraisal:** Re-qualify thru DU for approved/eligible; use **actual** escrows. Print new 1003, DU, and 1008. Revised 1003 will be sent to conversion closing for signatures.

If a loan fails to qualify during the second re-process or the updated appraisal exceeds 80% or credit below 720, no change will be allowed. The loan will remain at the original terms based on the original program.

TERMS AND CONDITIONS:

Construction time: 12-24 months. Up to one 3-month extension may be allowed for a fee. (Construction term is disclosed and known upfront. Construction term matches the LE/CD, Contract, Construction Loan Agreement, Note addendum and Rider.) The loan converts to P&I on fully drawn loan after the construction term. If not converted within 12-18 months, loan will remain as originally closed and a float down is not allowed.

Arm Index: S O F R

Margin: 3.00



Eligible properties: Single family detached; NO manufactured, or log homes. SUBDIVISION / No rural. (See property eligibility addendum.)

Occupancy: Primary & second. No investment properties.

Pricing: 5/6, 7/6, rate plus any adjustments based on secondary market confirmation such as credit score, LTV, etc. Fixed Rate plus any adjustments and .50% higher in rate. (This pricing for 5/6,7/6 & Fixed is for 12-month construction periods.)

- 15 Months construction = Add .125% to rate of a 12-month priced construction loan on top of the pricing above.
- 18 Months construction = Add .25% to rate of a 12-month priced construction loan on top of the pricing above.
- 21 Months construction = Add .375% to rate of a 12-month priced construction loan on top of the pricing above.
- 24 Months construction = Add .500% to rate of a 12-month priced construction loan on top of the pricing above.

OPTIONS if Fixed Rate up to 90% LTV and conforming loan limit. (MI must have highest % coverage as recommended by AUS.) (See grids.)

Maximum loan: See grids.

Underwriting: DU Approve Eligible: re-qualify if product changes or the rate is modified. All loans must be prudently underwritten utilizing the FRB program guidelines and industry standard best practices. DU Approve/Eligible, LPA Accept or DU Approve/Ineligible, LPA Accept/Ineligible for loan amount or maximum LTV is required. All data points on the AUS should represent the loan attributes except for the FRB guideline overlays contained in this guideline. Each loan follows the Ability to Repay (ATR), and the Qualified Mortgage (QM) rules established by the Consumer Financial Protection Bureau (“CFPB”) as well as all regulatory compliance regulations.

DTI Ratios: 43% maximum.

Qualifying rate: Greater of note rate plus 2% or the fully indexed rate if 5 years or less. Note rate on 7/6 or fixed rate loans.

Credit score: Secondary Market eligible. (AUS determined.)

Reserves: See grid requirements.

Other Fees: Construction Administration fee: 1,000.00
Construction Inspection Fee: 850.00

All other Lender fees apply: Must disclose two appraisal fees and credit report and collect for one and we can collect the second if they modify.

Required documents at application: Fixed price, turn- key contract; Plans and Specifications; Copy of the contractor’s license; Either a sales contract on the lot purchase or a Copy of the deed or HUD Statement if they already own the lot; Construction loan agreement, Completed contractor information sheet and the top portion of the contractor verification authorization signed.