

## Conventional Construction Program - updated 7/14/20

*For internal use only*

	Owner Occupied	2nd Home
Credit Score	680	680
Max LTV	95% (*97% if fits into 97% program)	80% if score 680 to 719 / 85% if score over 720
Minimum reserves	6 months reserves / 3 mos if over 720 score / 2 months reserves when there is a 5% contingency reserve	6 months reserves
Contingency Reserve	5% contingency reserve over 90% LTV	N/A
Max DTI	<b>43%, no exceptions</b>	
Job Stability COVID overlay	<b>If job at hotels, airplane, airports, retail or any position in restaurant industry then must be employed for 90 days without gaps, furlough or layoff. No exceptions.</b>	
Asset Based Income	70% LTV maximum, add on to rate .25%, follow FNMA/Freddie guidelines	Not available
Term	30, 20, or 15 year fixed rate	
AUS	AUS approval - LPA or DU	
Maximum mortgage amounts	Conforming loan limits	
<b>Additional Information</b>		
Eligible Properties	Detached and Attached SFR, PUD (Manufactured Home allowed in all states except DC)	
Ineligible Properties	Condominiums, Condotel, Attached PUD's, 2 to 4 unit	
Area/ Market	Prefer sub-divisions only / rural locations on case by case basis	
Max Number of financed properties	2 homes (exception if not more than 3 homes if borrower owns a 2nd home)	
Appraisal	Appraisal must be subject to completion of repairs	
Purchase Calculation of LTV	Loan amount divided by the lesser of the purchase price (sum of the cost of construction and sales price of the lot) or the "as completed" appraised value	
Builder/Contractor	Borrower to select licensed builder/general contractor. Borrowers or relatives may not perform any repairs. No self help allowed. Builder must be approved by Equity Resources, Inc. <b>/Don't expect all builders to get approved so get approved prior to application</b>	
Builder/Contractor Acceptance	Completed and approved prior to the appraisal being performed	
Builder/Contractor Acceptance Criteria	Must be full time in the construction business, in business for 3 years, vendor references must be current, & business credit report will be ordered	
Pricing	Price in pricing engine per score and LTV... <b>choose 30 day rate + 1 to RATE</b> , Lock in ENC, lock period is 9 months <b>12 month lock available - 5.5% during construction then mod at current rate.</b> <b>Manufactured home lock period is 6 months</b>	
Construction Period	All but Manufactured Homes - 9 months - interest only payments during construction / loan term total 30 years and 9 months <b>12 month lock available - 5.5% during construction then mod at current rate.</b> <b>Manufactured home construction period is 6 months - loan term total 30 years and 6 months</b>	
Extension Fees	.50 of the original loan amount past rate lock expiration date	
PMI	Required on all loans over 80% LTV	
Construction Origination Fee	1% origination fee that is refunded at the modification to permanent financing if done with us	
Other Fees	\$850 CP admin fee, \$575 Processing fee, \$550 Underwriting fee, \$300 Modification fee	
Contingency Reserve	5% reserve if LTV is over 90%	
Payment of Draws	Maximum of 5 draws. Each draw requires the inspection of the project inspector. Draws will be made by a two-party check payable to the borrower and contractor. (dual checks at option of borrower)	
Draw Fees	Title \$100 per draw, Appraisal \$150 per inspection to be collected and financed into the loan amount and escrowed at closing.	
Cost Overruns	Any and all cost overruns are the responsibility of the borrower	
Title / Closing Agent	An approved title company or closing attorney must perform the closing	
Escrow	Escrow account is set up at the conversion to permanent financing	
POA	POA's are not permitted	
Additional Closing Documents	Construction Rider to the Note and Construction Loan Agreement, Assignment of Plans and Specs, Assignment of Construction Contract, Assignment of Contract, Licenses, Permits and Warranties	
Requalification	FNMA loans run through DU - Borrower must requalify at the time of conversion to permanent financing unless LTV does not exceed 70% and borrower has a minimum score of 700 / Freddie loans run through LPA - Borrower must requalify unless LTV does not exceed 90% on primary and 80% on 2nd home and both must have a minimum score of 720.	
*97% LTV Program	Must qualify per DU on HomeReady or Non-HomeReady loan. Fixed rate only, no manufactured housing, one unit principal residence only, min own money is 3%, no non-occupant borrowers, Homeownership counseling required if HomeReady for one borrower, HomeReady has income restrictions, If non Home-Ready loan then borrower must be a FTHB	
<b>LO COMP</b>	<b>Must be employed at Equity Resources when loan modifies or refinances. If not then repay LO comp in last pay with us. (If any construction or renovation loans are in the pipeline on last day, then LO comp will be deducted from final pay.)</b>	