VA ONE-TIME CLOSE ("OTC") PROGRAM

PROGRAM SPECIFICATIONS	
Description	American Financial Resources, LLC. DBA eLEND offers Construction to Permanent loans for new manufactured, modular homes, and one unit stick built homes. Our One Time Close program provides construction financing, lot purchase and Permanent loan, all wrapped up in one loan. Why worry about re-qualifying, re-appraisals or incurring additional costs? eLEND provides interim financing and administration for true one-time close staged funded construction-to-permanent loans. Designed for manufactured housing, modular housing, and stick built housing, this program allows American Financial Resources, Inc. the ability to offer our Wholesale clients this unique loan product. eLEND underwrites and approves the permanent portion of the loan before the construction begins. The construction portion of the loan is also underwritten and approved. When all conditions for closing are cleared with eLEND, other than the final construction related conditions, the closing will be coordinated. Once closed, construction can begin. Because the permanent loan is closed before construction begins, there is no "re-qualifying" the borrower. This is a true one-time close; therefore, the borrowers will not need to return to the settlement agent for a second closing once construction is complete.

Channels	• Broker
	• Correspondent
	  ○ Non-Delegated
	    ▪ eLEND must draw/prepare all Correspondent Non-Delegated closing packages
	Important: Correspondent Delegated UW transactions are **not** permitted
	Note: Correspondent Non-Delegated partners must complete the eLEND One-Time Close Programs webinar and pass a test prior to submitting an OTC transaction.

FICO	Minimum FICO and Loan Amounts: • At or under the CLL, Minium FICO 620 • > CLL up to 1.5 million, Minium FICO 640 Minimum FICO waterfall: • 1 credit score required for all qualifying borrowers, • Use the middle score if 3 credit scores, or • The lower of two if 2 credit scores. • The lowest representative score of all Borrowers will be used for qualification purposes. Note: if the Borrower has only 1 score the minimum FICO score is 660.
UW Method	• Desktop Underwriter (DU) • Loan Product Advisor (LPA)
AUS Recommendation	• Approve/Eligible (DU) • Risk Class Accept (LPA)
Eligible Terms	• 15, 20, 25, and 30 Year Fixed
Eligible Transaction Types	• Purchase

Eligible Property Types	Primary Residence Only:
	• 1 Unit Stick Built and Barndominium housing (Originator requires prior approval)
	  ○ A Barndominium is a steel or metal-framed structure that includes both living and a workshop, garage, or storage area, often designed to resemble a traditional barn. These homes are popular in rural areas due to their durability, affordability, and flexibility in design. The home must be residential in nature. Some key characteristics: Made of metal or steel framing, includes open floor plans, sometime with high ceilings, and may combine residential space with utility areas.
	• Modular
	• New Manufactured Housing
	  ○ Single-wide
	  ○ Multi-wide

Draw Schedules	Manufactured and Modular Homes • No Draw and 10/80/10 1 Unit Stick Built Housing and Barndominiums • Draw - Maximum of 11 draws
Initial Draw	• Draw, No Draw and 10/80/10; lot purchase/Payoff at closing, and • 10/80/10; 10% of Retailer/Dealer Net at Closing.
Construction Timeframes	• Draw – 12 Months

eLEND

<table>
<tr><td></td><td>No Draw and 10/80/10 – 7 months</td></tr>
<tr><td>Maximum LTV</td><td>100% not including the VA Funding Fee</td></tr>
<tr><td>Maximum DTI</td><td>DTI > 41% must meet requirements of Chapter 4, Topic 8, 9, and 10 of VA Pamphlet 26-7.
Refer/Eligible AUS Recommendations and Manual Underwrites:
65% Maximum</td></tr>
<tr><td>Maximum Loan Amount</td><td>eLEND has 2 specific loan amount buckets for VA Fully Amortizing Fixed Loans
Standard, which includes base loan amounts up to the current years FHFA base line conventional Conforming loan limit.
Jumbo, which includes base loan amounts above the current years FHFA base line Conventional Conforming loan limit.
eLEND utilizes the Conventional conforming loan limits table. VA Maximum loan amounts can be found here: current years FHFA baseline conventional conforming loan limit for a 1-unit property.
Veterans may purchase a home for up to $1.5MM without a down payment.
The Veteran will still be subject to the increased VA Funding Fee, which could affect the down payment amount slightly.
Important: There may be a Price Adjustment for loan sizes that are considered Jumbo. Please see the daily rate sheets for details.
eLEND Overlays for VA Jumbo
eLEND requires additional overlays for VA Jumbo loans. Applications for a VA Jumbo Loan must have all overlays outlined in this matrix and:
AUS Approve Eligible recommendation only; refers are not permitted,
25% guaranty, and
Maximum Base Loan Amount of $1.5 million. Loan Amounts greater than $1.5 million require prior eLEND approval.</td></tr>
<tr><td>Appraisal</td><td>Note: The appraised value determined by the Appraiser must be the “as completed” appraised value of the property after completion of construction</td></tr>
<tr><td>Geographic Restrictions</td><td>New York State (Suspended 12/21/2022)
Hawaii
eLEND does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions.
eLEND requires the use of eLEND’s Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. eLEND utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.</td></tr>
<tr><td>Guidelines</td><td>http://www.benefits.va.gov/warms/pam26_7.asp</td></tr>
<tr><td>Forms</td><td>See FORMS Section in the Resource Center</td></tr>
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OVERLAYS

Follow all overlays outlined in the VA Fully Amortizing Fixed Program and:

- Correspondent Delegated UW transactions are **not** permitted
- Correspondent Non-Delegated partners must complete the eLEND One-Time Close Programs webinar and pass a test prior to submitting an OTC transaction.
- eLEND must draw/prepare all Correspondent Non-Delegated closing packages
- 620 Minimum qualifying credit score.
- The Borrower cannot perform any of the work (“Self-Help” is not permitted)
- AUS Refer Recommendations are not permitted
- eLEND requires a Final Inspection performed on the VA Form 26-1839 accompanied by interior and exterior pictures of the subject property
- eLEND does not permit the use of a DPA to be used in conjunction with One Time Close Programs
- eLEND does not permit change orders.
- eLEND does not permit the borrower to pay construction interest, this must be charged directly to the Builder/Retailer.
- eLEND does not permit the installation or construction of a pool unless all the following are met:
  - The pool contractor is a subcontractor of the General Contractor, or the General Contractor is building the pool,
  - The property state is one of the following: Nevada, Arizona, New Mexico, Texas, Louisiana, Mississippi, Alabama, Florida, or Georgia,
  - Must be an in-ground pool, above-ground pools are not permitted, and
  - Follow all VA, state, and local requirements.
- eLEND does not permit cash back from equity in the project, or funds provided by another party.
- eLEND permits the construction of an Accessory Dwelling Unit (A.D.U.) if accompanied with the construction of a one-unit single-family site-built primary residence.
  - eLEND does not permit the A.D.U. to be a Manufactured Home, or
  - Converting an existing outbuilding on the property to an A.D.U.
- Site-Built, Modular and Manufactured homes:
  - Maximum of $250,000 disbursement at closing for land acquisition or payoff.
- Permit Requirements Prior to Closing

- eLEND will require ONE of the following before closing:
    - Approved Building Permit: Issued by the local building authority for the proposed plan on file.
    - Perc test (percolation test) and Timeline Confirmation: A perc test supporting the appropriate bedroom count for the project, along with a letter from the local building department confirming that the permit will be issued within 90 days. *(Note: The total construction timeline must account for the estimated permit wait time plus the build time, with the entire project not exceeding 12 months for Site Built and 7 months for Modular and Manufactured homes*).
- Special Provision for projects pending permit issuance post initial loan closing:
    - If permits are approved but require payment prior to being issued, an initial disbursement can be arranged at closing to cover the permit fees and any associated costs. This includes, but is not limited to:
        - ✓ Impact fees,
        - ✓ State or local tax stamps, and
        - ✓ Other fees required by the local authority to be paid prior to issuance of permit.
    - NO additional funds or subsequent draws will be dispersed to the builder/retailer, contractor or any other party until the building permits are issued for the project.
- If permits are not obtained prior to closing the initial disbursement for land is capped at a maximum of $75,000.

- eLEND requires a minimum five percent (5%) contingency of the total cost to construct be built into the contact price
    - Loan Amounts above $1mm require a minimum ten percent (10%) contingency of the total cost to construct to be built into the contract price
    - Manufactured Home transactions do not require a contingency reserve provided the base loan amount is under $1mm. If above $1mm, a minimum ten percent (10%) contingency of the total cost to construct must be built into the contract price.
- Lagoons, cesspools, seepage pits or effluent (and similar) types of septic systems are not permitted.
- Earnest Money Deposits (EMDs) must be allocated on the Cost Break Down sheet (or contract) and part of the budget toward soft costs and/or materials. Draws cannot be requested until the deposit money is exhausted.
- While the VA allows Veterans to act as their own contractor or builder, eLEND will not permit this under our program. However, a credit committee exception can be requested, but the Veteran must be, at minimum, an experienced builder, or a licensed general contractor with a history of completing similar size projects.
- Escrow waivers are generally permitted without restriction on taxes and insurance, except as outlined below:
    - New Mexico: Not permitted with LTV ≥ 80%