



# NATIONAL CAPITAL FUNDING, LTD.

## General Overview of NCF's True One-Time Close Const/Perm Loan Program with Staged Funding

**General Description:** National Capital Funding, Ltd. (NCF) provides interim financing and administration for true one-time close staged funded construction-to-permanent loans designed for manufactured, modular, and site-built housing. NCF's construction administration service allows Lenders with which we have an alliance to offer their Originators and Brokers this unique loan product. The Lender underwrites and approves the permanent portion of the loan before the construction begins. NCF underwrites and approves the construction portion of the loan. When all conditions for closing are cleared with the Lender, other than the final construction related conditions, NCF will help coordinate the closing. The loan is closed in the Lender's name. NCF's closing documents include the documents for both the construction portion of the loan and the permanent portion of the loan. Because the permanent loan is closed before construction begins, **there is no "requelifying" of the borrower when it is time for conversion of the construction portion of the loan to the permanent portion of the loan. This is a true one-time close, therefore, the Borrowers will not need to return to the closing agent once construction is complete.**

**Type of Loans:** Determined by Lender, but NCF administers FHA (up to 96.5% LTV), VA (up to 100% LTV), and USDA (up to 100% LTV) Const/Perm Loans.

**Eligible Properties:** Determined by Lender, but NCF administers for Manufactured Homes, Modular Homes, and Site-Built Homes. Note: Panelized Homes are considered Site-Built Homes for purposes of eligibility for the program. Log Homes, Bamboo Homes, Metal Homes, Container Homes, and Post-Frame Homes (e.g., Barndominiums) are not eligible for the program.

**Max/Min Loan Amounts:** Determined by the Lender and Loan Type

**Permanent Interest Rate:** Determined by the Loan Originator and/or the Lender

**Occupancy Type:** Owner-Occupied only

**Borrower's Payments:** The Borrower's loan payments do not begin until after construction is complete. The borrower is not responsible for the interest during the construction period.

**Legal Documents Preparation:** Closing documents are provided through NCF. The attorney firms we use to prepare the closing documents charge \$300 outside of Texas and \$400 inside of Texas. Unlike the interim fees, this fee must be disclosed on the CD in most cases.

**Payment of Interim Interest & Fees:** The construction interest, construction administration fee, construction underwriting fee, construction closing coordination fee, and construction inspection fees charged will be included in the Retailer's/Builder's price of home. These are all considered Construction Soft Costs and do

not count towards maximum contributions/concessions allowed to the Borrower nor are they considered the Borrower's closing costs.

**Interim Interest Rate:** Interim interest only accrues on funds disbursed, not the full loan amount. Interim rate is currently 8.0% on Site-Built Homes and 9.95% on Manufactured and Modular Homes.

**Interim Fees:**

- Construction Administration Fee is 2.25% of the total loan note amount
- Construction Closing Coordination Fee is \$275.
- Construction Underwriting Fee is \$250.
- Construction Inspection Fee is \$525 for manufactured/modular and \$875 for site-built.

**Builder Completion:** Retailer/Builder must provide and be responsible for turnkey completion services. Borrower cannot be responsible for any construction items. Therefore, the Retailer/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:** Upon loan closing, the closing costs, prepaids, construction financing costs, and land cost/payoff are funded. With written request prior to closing, construction soft costs (building permits, impact fees, etc.) and the manufactured/modular home manufacturer's invoice on Retailer's unit cost (provided the unit is offline, a factory invoice is available, and the proper insurance coverage is in place) can be funded shortly after closing. We do not typically fund an upfront draw to the Retailer/Builder for improvement work, however, interim stage funded draws are available to the Retailer/Builder after closing for work in place. Construction draws are based on the line-item percentage of completion method. In most cases, a minimum of 20% of the construction contract on manufactured/modular home deals and 10% of the construction contract on site-built home deals will be funded upon completion of construction at the final draw. See the Construction Draw Disclosure and the NCF OTC Guides for Retailers/Builders for more details.

**Draw Requests:** Requests by the Retailer/Builder are made by phone, fax, or e-mail directly to NCF. The program offers up to three draws to the Retailer for manufactured/modular housing and up to five draws to the Builder for site-built housing after closing and including the final draw. Additional draws may be allowed at a cost to the Retailer/Builder of \$175 per draw. Upon receipt of a draw request, NCF 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 Retailer/Builder completed prior to closing. We 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. Please see the NCF OTC Guides for Retailers/Builders for more details and an example. All funds will be disbursed directly to the Retailer/Builder, other than the manufactured/modular home unit invoice, which will be paid directly to Manufacturer or Floorplan Financing Source, unless Retailer can provide proof that they have already paid it themselves. We do not typically disburse draws to individual subcontractors that the Retailer/Builder may be utilizing.

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