



GENERAL OVERVIEW OF NCF'S ONE-TIME CLOSE CONST/PERM LOAN PROGRAM

GENERAL DESCRIPTION

Since 2002, National Capital Funding, LLC. (NCF) has been a trusted partner of residential mortgage lenders, loan originators, and builders dedicated to providing construction loan administration services for One-Time Close FHA, VA, and USDA Construction/Permanent Loan Programs. Our team of experienced professionals understand the importance of providing our partners with reliable, cost-effective solutions, and we are committed to providing them with the highest level of service possible.

NCF's construction administration solutions allow Lenders to offer their Originators and Brokers these unique loan products without the need or expense of maintaining their own construction loan dept. or construction warehouse lines. While 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 including vetting of the Builder/Retailer. When all conditions for closing are cleared with the Lender, other than the final construction related conditions, NCF will work with the Lender to coordinate the closing prior to the start of construction. The loan closes in the Lender's name with documents for both the construction and permanent portions of the loan. On FHA, VA, and USDA Const/Perm Loans there is no need to re-qualify the borrower when it is time for conversion of the construction portion of the loan to the permanent portion of the loan. These true one-time close loans do not require the borrower to return to the Closing Agent once construction is completed.

LOAN TYPES

NCF administers and has construction funding available for owner-occupied FHA (up to 96.5% LTV), VA (up to 100% LTV), and USDA (up to 100% LTV) Const/Perm Loans. Administration only available for Conventional Const/Perm Loans. Availability of each determined by Lender.

ELIGIBLE PROPERTIES

NCF administers for Manufactured Homes, Modular Homes, and Site-Built Homes. Availability of each determined by Lender. Note: Panelized Homes are considered Site-Built Homes for purposes of eligibility for the program. Post-Frame Construction Homes (e.g., Barndominiums), Log Homes, Bamboo Homes, Container Homes, and other non-standard home types are not eligible for the program when utilizing NCF's available construction funds. Properties located in California are currently not eligible when utilizing NCF's available construction funds.



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MAX/MIN LOAN AMOUNTS

Determined by the Lender and Loan Type

PERMANENT INTEREST RATE

Determined by the Loan Originator and/or the Lender

BORROWER'S PAYMENTS

In most cases, the Borrower's loan payments do not begin until after construction is complete. The Builder/Retailer takes responsible for the interim interest that accrues during construction.

PAYMENT OF INTERIM FEES & INTEREST

The construction financing costs -- including interim/construction interest, construction funding fee, construction administration fee, construction underwriting fee, and construction inspection fees -- will be charged to the Builder/Retailer and is to be budgeted for in the Builder's/Retailer's price of home. These are all considered construction soft costs and do not count towards maximum contributions/concessions allowed to the Borrower as they are not considered the Borrower's closing costs per most agency guidelines.

INTERIM FEES & INTEREST RATE

- Construction Administration Fee is 1.25% of the total loan amount on loans at/below the FHFA baseline loan limit and 1.0% of the total loan amount on loans above that limit
- Construction Funding Fee, when utilizing NCF's available construction funds*, is 0.75% of the total loan note amount
- Construction Underwriting Fee is \$500
- Construction Inspection Fee is \$525 for manufactured/modular and \$875 for site-built
- Interim Interest Rate: Interim interest only accrues on funds disbursed, not the full loan amount. When utilizing NCF's available construction funds*, the interim rate is currently:
 - 10.25% on Site-Built Homes
 - 10.50% on Manufactured and Modular Homes

*Lender has the option to provide and utilize their own construction funds and can set their own construction funding fee and interim interest rate. In these instances, NCF only administers the program.



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LEGAL DOCUMENTS PREPARATION

Closing documents are provided through NCF. The attorney firm used 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 LE/CD in most cases.

BUILDER COMPLETION & TIMEFRAME TO COMPLETE

Builder/Retailer must provide and be responsible for fully turnkey completion services including the management of all contractors. Borrower cannot be held responsible for any construction work or the management of contractors. The Builder/Retailer must act as the Construction Coordinator/General Contractor for the home and all improvements including site work to be completed on the project. Contract must be Fixed Price. Cost-Plus Contracts not permitted. In most cases, Builder must be able to complete the project in 9 months or less from the closing date. Up to 12 months may be permitted on a case-by-case basis

DRAW SCHEDULE

Upon loan closing, the closing costs, prepaids, construction financing costs, and land cost/payoff are funded. With written request prior to closing, other 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 Builder/Retailer for improvement work, however, interim stage funded draws are available to the Builder/Retailer after closing for work in place. Construction draws are based on the line-item percentage of completion method. In most cases, a minimum of 10% of the construction contract on site-built home deals and 20% of the construction contract on manufactured/modular home deals will be funded upon completion of construction at the final draw. See the Construction Draw Disclosure and the NCF OTC Guides for Builders and Retailers available at www.ncfunding.net/forms for more details



**NATIONAL CAPITAL
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