

One-Time Close Construction Cost Breakdown

Builder/Retailer	Borrower(s) Name
Site Address	

Each item MUST be noted with either a budgeted cost or a designation from the KEY

Construction Costs	Cost or Key	
Soil Test / Engineering	\$	KEY
Builder's Risk Insurance	\$	INC – Included
Site Permits (verification of amount will be required prior to disbursal)	\$	EX – Existing
Plans / Specs / Architect Fees	\$	LS – Land/Seller Responsible
Initial & Framing Compliance Inspection OR HUD Approved 10-year Warranty	\$	N/A – Not Applicable
Termite Treatment / Preventative (Required on FHA/VA/USDA loans in most states)	\$	N/A – Not Applicable
Construction Surveys: Foundation and/or Final	\$	N/A – Not Applicable
Site Clearing / Pad	\$	Note #1
Foundation: Plumbing	\$	All major improvement items that are included must show a dollar amount indicating the budgeted cost for that item, not just INC. Also, using a "0" in the line is not acceptable as it does not indicate anything.
Foundation: Electrical	\$	
Foundation / Forms / Piers	\$	
Framing: Materials	\$	
Framing: Labor	\$	
Roof: Materials	\$	
Roof: Labor	\$	
Plumbing: Rough-In	\$	
Electrical: Rough-In	\$	
HVAC: Rough-In	\$	
Exterior Doors & Windows	\$	
Exterior Brick / Veneer	\$	
Exterior Primed / Painted	\$	
Insulation: Walls & Ceilings	\$	If you will want a draw on an item listed prior to the disbursal of the Final Draw, you must input a dollar amount for the item, otherwise no interim draw will be disbursed for that item until the Final Draw.
Drywall: Tape, Bed, Texture	\$	
Fireplace	\$	
Interior: Trim & Millwork	\$	
Interior: Doors	\$	
Cabinets	\$	
Countertops	\$	
Interior: Paint & Wallpaper	\$	
HVAC: Finish	\$	
Plumbing: Finish / Fixtures	\$	
Electrical: Finish / Fixtures	\$	
Finished Flooring	\$	
Appliances	\$	
Hardware & Mirrors	\$	

Construction Costs (continued)	Cost or Key	
Tile	\$	
Gutters, Screens, Garage Doors	\$	
Finished Grading & Landscaping	\$	
Final Clean	\$	
Driveway (must be all-weather access) Type of Driveway:	\$	
Sewer / Septic System & Connection to Home: Type of System:	\$	
Local Authority's Approval of Septic System	\$	
Water System & Connection to Home: Type of Water System:	\$	
Local Authority's Approval of Well and/or Well Water Test for 5 Contaminants	\$	
Gas/Propane Connection to Home	\$	
Builder Overhead costs	\$	
Other:	\$	
Other:	\$	
Base Home Sales Price (Manufactured and Modular)	\$	
Total Improvements Costs (all property types)	\$	
Five Percent (5%) Contingency Funds	\$	
Total Building Costs → → →	\$	
BUILDER PAID: Contribution towards Borrower's Closing Costs/Prepays	\$	
BUILDER PAID: Seller's Closing Costs	\$	
BUILDER PAID: Construction / Interim Financing Costs		
Construction fee to American Financial Resources, Inc ("AFR")	\$	
Construction Closing fee to AFR	\$ Included	
Construction Underwriting Fee to AFR	\$ Included	
Inspection Fee to AFR	\$ Included	
Other	\$	
TOTAL CONSTRUCTION / INTERIM FINANCING COSTS Total Items Above →	\$	
ESTIMATED CONSTRUCTION / INTERIM INTEREST	\$ Included	
TOTAL CONSTRUCTION CONTRACT	\$	

The Builder / Retailer hereby states that all figures listed on the above Construction Cost Breakdown are true, accurate, and represent the total cost necessary to complete the construction of the house described herein.

All labor and materials, including subcontractors, have been accounted for and are included in the total price.

The cost of items completed by anyone not in the Retailer's employ have been substantiated through written proposals.

Retailer understands that the Borrower(s) cannot be held responsible for any of the work.

Retailer understands that the above Construction Cost Breakdown will be used as a line item disbursement schedule.

Retailer will be paid for work in place in an amount not to exceed the stated line amount.

Any revisions to this cost must be submitted to the Construction Administrator for approval.

All work completed will be verified through an approved inspection agent.

Retailer understands that the Lender and/or its assigns is under no obligation to fund the loan until all required conditions have been met.

Builder /Retailer's Company Name

Authorized Signature of Builder / Retailer

Title

Date

Description of Materials

**U.S. Department of Housing
and Urban Development
Department of Veterans Affairs
Farmers Home Administration**

OMB Control No. 2502-0313
(exp. 3/31/2024)

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

The National Housing Act (12 USC 1703) authorizes insuring financial institutions against default losses on single family mortgages. HUD must evaluate the acceptability and value of properties to be insured. The information collected here will be used to determine if proposed construction meets regulatory requirements and if the property is suitable for mortgage insurance. Response to this information collection is mandatory. No assurance of confidentiality is provided.

Proposed Construction Under Construction No. _____ (To be inserted by HUD, VA or FmHA)

Property address (Include City and State)

Name and address of Mortgagor or Sponsor	Name and address of Contractor or Builder
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Instructions

- For additional information on how this form is to be submitted, number of copies, etc., see the instructions applicable to the HUD Application for Mortgage Insurance, VA Request for Determination of Reasonable Value, or FmHA Property Information and Appraisal Report, as the case may be.
- Describe all materials and equipment to be used, whether or not shown on the drawings, by marking an X in each appropriate check-box and entering the information called for each space. If space is inadequate, enter "See misc." and describe under item 27 or on an attached sheet. **The use of paint containing more than the percentage of lead by weight permitted by law is prohibited.**
- Work not specifically described or shown will not be considered unless required, then the minimum acceptable will be assumed. Work exceeding minimum requirements cannot be considered unless specifically described.
- Include no alternates, "or equal" phrases, or contradictory items. (Consideration of a request for acceptance of substitute materials or equipment is not thereby precluded.)
- Include signatures required at the end of this form.
- The construction shall be completed in compliance with the related drawings and specifications, as amended during processing. The specifications include this Description of Materials and the applicable Minimum Property Standards.

1. Excavation

Bearing soil, type _____

2. Foundations

Footings concrete mix _____ strength psi _____ Reinforcing _____

Foundation wall material _____ Reinforcing _____

Interior foundation wall material _____ Party foundation wall _____

Columns material and sizes _____ Piers material and reinforcing _____

Girders material and sizes _____ Sills material _____

Basement entrance areaway _____ Window areaways _____

Waterproofing _____ Footing drains _____

Termite protection _____

Basementless space ground cover _____ insulation _____ foundation vents _____

Special foundations _____

Additional information

3. Chimneys

Material _____ Prefabricated (make and size) _____

Flue lining material _____ Heater flue size _____ Fireplace flue size _____

Vents (material and size) gas or oil heater _____ water heater _____

Additional information

4. Fireplaces

Type solid fuel gas-burning circulator (make and size) _____ Ash dump and clean-out _____

Fireplace facing _____ lining _____ hearth _____ mantel _____

Additional information

5. Exterior Walls

Wood frame wood grade, and species _____ Corner bracing Building paper or felt _____

Sheathing _____ thickness _____ width _____ solid spaced _____ o.c. diagonal _____

Siding _____ grade _____ type _____ size _____ exposure _____ fastening _____

Shingles _____ grade _____ type _____ size _____ exposure _____ fastening _____

Stucco _____ thickness _____ Lath _____ weight _____ lb.

Masonry veneer _____ Sills _____ Lintels _____ Base flashing _____

Masonry solid faced stuccoed total wall thickness _____ facing thickness _____ facing material _____

Backup material _____ thickness _____ bonding _____

Door sills _____ Window sills _____ Lintels _____ Base flashing _____

Interior surfaces dampproofing, _____ coats of _____ furring _____

Additional information _____

Exterior painting material _____ number of coats _____

Gable wall construction same as main walls other construction _____

6. Floor Framing

Joists wood, grade, and species _____ other _____ bridging _____ anchors _____

Concrete slab basement floor first floor ground supported self-supporting mix _____ thickness _____

reinforcing _____ insulation _____ membrane _____

Fill under slab material _____ thickness _____

Additional information _____

7. Subflooring (Describe underflooring for special floors under item 21)

Material grade and species _____ size _____ type _____

Laid first floor second floor attic _____ sq. ft. diagonal right angles

Additional information _____

8. Finish Flooring (Wood only. Describe other finish flooring under item 21)

Location	Rooms	Grade	Species	Thickness	Width	Bldg. Paper	Finish
First floor							
Second floor							
Attic floor	sq. ft.						

Additional information _____

9. Partition Framing

Studs wood, grade, and species _____ size and spacing _____ Other _____

Additional information _____

10. Ceiling Framing

Joists wood, grade, and species _____ Other _____ Bridging _____

Additional information _____

11. Roof Framing

Rafters wood, grade, and species _____ Roof trusses (see detail) grade and species _____

Additional information _____

12. Roofing

Sheathing wood, grade, and species _____ solid spaced _____ o.c.

Roofing _____ grade _____ size _____ type _____

Underlay _____ weight or thickness _____ size _____ fastening _____

Built-up roofing _____ number of plies _____ surfacing material _____

Flashing material _____ gage or weight _____ gravel stops snow guards

Additional information _____

13. Gutters and Downspouts

Gutters material _____ gage or weight _____ size _____ shape _____
Downspouts material _____ gage or weight _____ size _____ shape _____ number _____
Downspouts connected to Storm sewer sanitary sewer dry-well Splash blocks material and size _____
Additional information _____

14. Lath and Plaster

Lath walls ceilings material _____ weight or thickness _____ Plaster coats _____ finish _____
Dry-wall walls ceilings material _____ thickness _____ finish _____
Joint treatment _____

15. Decorating (Paint, wallpaper, etc.)

Rooms	Wall Finish Material and Application	Ceiling Finish Material and Application
Kitchen		
Bath		
Other		

Additional information _____

16. Interior Doors and Trim

Doors type _____ material _____ thickness _____
Door trim type _____ material _____ Base type _____ material _____ size _____
Finish doors _____ trim _____
Other trim (item, type and location) _____
Additional information _____

17. Windows

Windows type _____ make _____ material _____ sash thickness _____
Glass grade _____ sash weights balances, type _____ head flashing _____
Trim type _____ material _____ Paint _____ number coats _____
Weatherstripping type _____ material _____ Storm sash, number _____
Screens full half type _____ number _____ screen cloth material _____
Basement windows type _____ material _____ screens, number _____ Storm sash, number _____
Special windows _____
Additional information _____

18. Entrances and Exterior Detail

Main entrance door material _____ width _____ thickness _____ Frame material _____ thickness _____
Other entrance doors material _____ width _____ thickness _____ Frame material _____ thickness _____
Head flashing _____ Weatherstripping type _____ saddles _____
Screen doors thickness _____ number _____ screen cloth material _____ Storm doors thickness _____ number _____
Combination storm and screen doors thickness _____ number _____ screen cloth material _____
Shutters hinged fixed Railings _____ Attic louvers _____
Exterior millwork grade and species _____ Paint _____ number coats _____
Additional information _____

19. Cabinets and Interior Detail

Kitchen cabinets, wall units material _____ lineal feet of shelves _____ shelf width _____
Base units material _____ counter top _____ edging _____
Back and end splash _____ Finish of cabinets _____ number coats _____
Medicine cabinets make _____ model _____
Other cabinets and built-in furniture _____
Additional information _____

20. Stairs

Stair	Treads		Risers		Strings		Handrail		Balusters	
	Material	Thickness	Material	Thickness	Material	Size	Material	Size	Material	Size
Basement										
Main										
Attic										

Disappearing make and model number _____

Additional information _____

21. Special Floors and Wainscot (Describe Carpet as listed in Certified Products Directory)

Floors	Location	Material, Color, Border, Sizes, Gage, Etc.	Threshold Material	Wall Base Material	Underfloor Material
	Kitchen				
	Bath				

Wainscot	Location	Material, Color, Border, Cap. Sizes, Gage, Etc.	Height	Height Over Tub	Height in Showers (From Floor)
	Bath				

Additional information _____

22. Plumbing

Fixture	Number	Location	Make	MFR's Fixture Identification No.	Size	Color
Sink						
Lavatory						
Water closet						
Bathtub						
Shower over tub						
Stall shower						
Laundry trays						

Bathroom accessories Recessed material _____ number _____ Attached material _____ number _____

Additional information _____

Curtain rod Door Shower pan material _____ * (Show and describe individual system in complete detail in separate drawings and specifications according to requirements.)

Water supply public community system individual (private) system*

Sewage disposal public community system individual (private) system*

House drain (inside) cast iron tile other _____ House sewer (outside) cast iron tile other _____

Water piping galvanized steel copper tubing other _____ Sill cocks, number _____

Domestic water heater type _____ make and model _____ heating capacity _____ gph. 100° rise.

Storage tank material _____ capacity _____ gallons

Gas service utility company liq. pet. gas other _____ Gas piping cooking house heating

Footing drains connected to storm sewer sanitary sewer dry well Sump pump make and model _____ capacity _____ discharges into _____

Additional information _____

23. Heating

Hot water Steam Vapor One-pipe system Two-pipe system
 Radiators Convectors Baseboard radiation Make and model _____
 Radiant panel floor wall ceiling Panel coil material _____
 Circulator Return pump Make and model _____ capacity _____ gpm.
Boiler make and model _____ Output _____ Btuh. net rating _____ Btuh.

Additional information _____

Warm air Gravity Forced Type of system _____
Duct material supply _____ return _____ Insulation _____ thickness _____ Outside air intake
Furnace: make and model _____ Input _____ Btuh. output _____ Btuh.

Additional information _____

Space heater floor furnace wall heater Input _____ Btuh. output _____ Btuh. number units _____
Make, model _____

Additional information _____

Controls make and types _____

Additional information _____

Fuel: Coal oil gas liq. pet. gas electric other _____ storage capacity _____

Additional information _____

Firing equipment furnished separately Gas burner, conversion type Stoker hopper feed bin feed
Oil burner pressure atomizing vaporizing _____
Make and model _____

Control _____

Additional information _____

Electric heating system type _____ Input _____ watts @ _____ volts output _____ Btuh.

Additional information _____

Ventilating equipment attic fan, make and model _____ capacity _____ cfm.
 kitchen exhaust fan, make and model _____

Other heating, ventilating, or cooling equipment _____

Additional information _____

24. Electric Wiring

Service overhead underground Panel fuse box circuit-breaker make _____ AMP's _____ No. circuits _____
Wiring conduit armored cable nonmetallic cable knob and tube other _____
Special outlets range water heater other _____
 Doorbell Chimes Push-button locations _____

Additional information _____

25. Lighting Fixtures

Total number of fixtures _____ Total allowance for fixtures, typical installation, \$ _____

Nontypical installation _____

Additional information _____

26. Insulation

Location	Thickness	Material, Type, and Method of Installation	Vapor Barrier
Roof			
Ceiling			
Wall			
Floor			

27. Miscellaneous: (Describe any main dwelling materials, equipment, or construction items not shown elsewhere; or use to provide additional information where the space provided was inadequate. Always reference by item number to correspond to numbering used on this form.)

Hardware (make, material, and finish.)

Special Equipment (State material or make, model and quantity. Include only equipment and appliances which are acceptable by local law, custom and applicable FHA standards. Do not include items which, by established custom, are supplied by occupant and removed when he vacates premises or chattles prohibited by law from becoming realty.)

Porches

Terraces

Garages

Walks and Driveways

Driveway width _____ base material _____ thickness _____ surfacing material _____ thickness _____
 Front walk width _____ material _____ thickness _____ Service walk width _____ material _____ thickness _____
 Steps material _____ treads _____ risers _____ Cheek walls _____

Other Onsite Improvements

(Specify all exterior onsite improvements not described elsewhere, including items such as unusual grading, drainage structures, retaining walls, fence, railings, and accessory structures.)

Landscaping, Planting, and Finish Grading

Topsoil _____ thick front yard side yards rear yard to _____ feet behind main building
 Lawns (seeded, sodded, or sprigged) front yard _____ side yards _____ rear yard _____
 Planting as specified and shown on drawings as follows:
 _____ Shade trees deciduous _____ caliper _____ Evergreen trees _____ to _____ B & B
 _____ Low flowering trees deciduous _____ to _____ Evergreen shrubs _____ to _____ B & B
 _____ High-growing shrubs deciduous _____ to _____ Vines, 2-year _____
 _____ Medium-growing shrubs deciduous _____ to _____ Other _____
 _____ Low-growing shrubs deciduous _____ to _____

Identification—This exhibit shall be identified by the signature of the builder, or sponsor, and/or the proposed mortgagor if the latter is known at the time of application.

Date (mm/dd/yyyy) _____ Signature _____

Signature _____



Construction/Permanent Loan Disclosure

FHA/VA Case Number: _____

In reference to the contract between the Borrower(s) _____ and
(Builder/Retailer) _____ for a property to be constructed at:

_____.
The Builder/Retailer and Borrower agrees that all necessary construction building permits shall be obtained prior to the closing of the loan.

The Builder/Retailer agrees that all construction loan costs will be paid by the Builder/Retailer, including but not limited to construction loan interest, construction administration fees, construction underwriting fees, inspection fees, and any other financing charges incurred during the construction period, as referenced in the AFR One-Time Close Program Outline and Acknowledgement Agreement

Form Reference:

- AFR One-Time Close Outline and Acknowledgement Agreement for the Draw Program
- AFR One-Time Close Outline and Acknowledgement Agreement for the No Draw Program

Note: During the construction period, Borrower is responsible for all property taxes that may come due during this timeframe.

Federal Housing Administration ("FHA") DISCLOSURE

The above-referenced loan is not eligible for FHA mortgage insurance until after either a final inspection or the issuance of a certificate of occupancy by a local governmental jurisdiction, whichever is later. Moreover, FHA has NO obligation until the mortgage is endorsed for insurance. The lender shall request such endorsement after final inspection or issuance of the certificate of occupancy. During construction, the loan is NOT insured by FHA.

Department of Veterans Affairs ("VA") DISCLOSURE

The above-referenced loan is not eligible for VA Loan Guaranty until after a clear final compliance inspection report has been received by VA. The lender shall request such loan guaranty after a clear final inspection. During construction, the loan is NOT guaranteed by VA.

U.S. Department of Agriculture ("USDA") DISCLOSURE

The above-referenced loan is not eligible for USDA Loan Guaranty until after a clear final compliance inspection report has been received by USDA. The lender shall request such loan guaranty after a clear final inspection. During construction, the loan is NOT guaranteed by USDA.

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**Builder's Certification
of Plans, Specifications, & Site**

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0496
Exp 06/30/2026

Property Address (street, city, state, & zip code):	Subdivision Name:
Mortgagee's (Lender's) Name & Address (this is the lender who closed the loan):	FHA Case Number:
	Phone Number:

	YES	NO
1. Site Analysis Information: To be completed on all proposed and newly constructed properties.		
A. Flood Hazards. Are the property improvements in a Special Flood Hazard Area (SFHA)?	<input type="checkbox"/>	<input type="checkbox"/>
1) Provide the community number and date of the Flood Insurance Rate Map (FIRM) used to document your answer.		
Community Number: _____ Map Date: _____		
2) If participating, is the community in good standing with the National Flood Insurance Program (NFIP)?	<input type="checkbox"/>	<input type="checkbox"/>
3) If "Yes" to item 1.A. above, attach:		
(i) A Letter of Map Amendment (LOMA) or;	<input type="checkbox"/>	<input type="checkbox"/>
(ii) A Letter of Map Revision (LOMR) or;	<input type="checkbox"/>	<input type="checkbox"/>
(iii) A signed Elevation Certificate documenting that the lowest floor (including basement) is built in compliance with 24 CFR 200.926d(c)(4).	<input type="checkbox"/>	<input type="checkbox"/>
4) Is the property located within a Coast Barrier Resource System (CBRS)? (If yes, the property is ineligible for FHA insured financing).	<input type="checkbox"/>	<input type="checkbox"/>
B. Noise. Is the property located within 1000 feet of a highway, freeway, or heavily traveled road?	<input type="checkbox"/>	<input type="checkbox"/>
(i) Within 3000 feet of a railroad?	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Within one mile of a civil airfield or 5 miles of a military airfield?	<input type="checkbox"/>	<input type="checkbox"/>
C. Runway Clear Zones / Clear Zones. Is the property within 3000 feet of a civil or military airfield?	<input type="checkbox"/>	<input type="checkbox"/>
(i) If "Yes," is the property in a Runway Clear Zone / Clear Zone?	<input type="checkbox"/>	<input type="checkbox"/>
D. Explosive /Flammable Materials Storage Hazard. Does the property have an unobstructed view or located within 2000 feet of any facility handling or storing explosive or fire prone materials?	<input type="checkbox"/>	<input type="checkbox"/>
E. Toxic Waste Hazards. Is the property within 3000 feet of a dump, landfill or site recognized on a EPA Superfund National Priority List (NPL) or equivalent State list?	<input type="checkbox"/>	<input type="checkbox"/>
F. Foreseeable Hazards or Adverse Conditions.		
1) Does the site have any rock formations, high ground water levels, inadequate surface drainage, springs, sinkholes, etc.?	<input type="checkbox"/>	<input type="checkbox"/>
2) Does the site have unstable soils (expansive, collapsible, or erodible)?	<input type="checkbox"/>	<input type="checkbox"/>
3) Does the site have any excessive slopes?	<input type="checkbox"/>	<input type="checkbox"/>
4) Does the site have any earth fill?	<input type="checkbox"/>	<input type="checkbox"/>
(i) If "Yes," will foundations, slabs, or flatwork rest on the fill?	<input type="checkbox"/>	<input type="checkbox"/>

If you marked "Yes" to any of the above questions in item "F," attach a copy of all State licensed engineers' (soils and structural) reports, designs, and/or certifications to demonstrate compliance with HUD requirements ensuring structural soundness of the improvements and the health and safety of the occupants. Refer to HUD Handbook 4145.1, HUD Handbook 4140.3 and HUD Handbook 4000.1.

Complete this section for all properties. The property complies with:

2. HUD Minimum Property Standards in the Code of Federal Regulations at 24 CFR 200.926d.
3. Appendix 8, Site Grading & Drainage guideline included in the HUD Handbook 4145.1, or the Site Grading & Drainage requirements incorporated in the Local/State adopted IRC Building Code, identified in item #5.
4. Meets or exceeds IECC (International Energy Conservation Code) 2009.
5. Other Code or Local/State Code as follows: _____
Applicable Provisions: _____
6. CABO One- and Two-Family Dwelling Code, as listed in 24 CFR 200.926b, replaced by IRC (International Residential Code).
7. Electrical Code for One-and-Two-Family Dwellings, as listed in 24 CFR 200.926b, or equivalent, name code: _____
8. This is a manufactured (mobile) home and was constructed in accordance with the Federal Manufactured Home Construction & Safety Standards (FMHCS).
The label on the manufactured home reflects compliance with the FMHCS.

I hereby certify that the plans and specifications for all other construction (i.e., site, foundation) comply with applicable building codes or HUD requirements listed above, including Handbook 4145.1, Handbook 4000.1 II.A.1.b.iv(B)(5)(c)(ii), II.D.5.c and the Permanent Foundations Guide for Manufactured Housing.

HUD Label Number(s):

Builder or Builder's Agent: I hereby certify that the site analysis information above is true and accurate to the best of my knowledge and belief and that the plans and specifications were designed to mitigate any foreseeable hazards or adverse conditions. On all properties eligible for maximum LTV financing, I further certify that I have personally reviewed the plans, specifications, and site information submitted herewith. Based upon my review, I hereby certify that such plans, specifications comply with the applicable building codes specified above as well as complying with the HUD construction requirements listed above. An "X" marked in the blank by each numbered item indicates that provisions from the marked code apply.

9.a. Name of Builder's Company or Builder's Agent (type or print):	10.a. Name & Title of Builder or Builder's Agent (type or print):	
b. Street Address:	b. Signature of Builder or Builder's Agent Date:	Date:
c. City, State, & Zip Code:	c. Telephone Number (include area code):	

11. Affirmative Fair Housing Marketing Plan (AFHMP): Did you sell five (5) or more houses in the last twelve (12) months or do you intend to sell five (5) or more houses within the next twelve (12) months with HUD mortgage insurance?	YES	NO
If "Yes," check either a, b, c, or d below.	<input type="checkbox"/>	<input type="checkbox"/>
a. I am a signatory in good standing to a Voluntary Affirmative Marketing Agreement (VAMA).	<input type="checkbox"/>	<input type="checkbox"/>
b. I have an AFHMP which HUD approved on (mm/dd/yyyy) _____	<input type="checkbox"/>	<input type="checkbox"/>
c. I have a contract with _____ to market this property?	<input type="checkbox"/>	<input type="checkbox"/>
d. I certify that I will comply with the following: (a) Carry out an affirmative program to attract all minority and majority groups to the housing for initial sale or rental. Such a program shall typically involve publicizing to minority persons the availability of housing opportunities regardless of race, color, religion, sex, handicap, familial status or national origin, through the type of media customarily utilized by the applicants; (b) Maintain a nondiscrimination hiring policy in recruiting from both minority and majority groups; (c) Instruct all employees and agents in writing and orally in the policy of nondiscrimination and fair housing; (d) Conspicuously display the Fair Housing Poster in all Sales Offices, include the Equal Housing Opportunity logo, slogan and statement in all printed material used in connection with sales, and post in a prominent position at the project site a sign which displays the Equal Opportunity logo, slogan or statement, as listed in 24 CFR 200.620 and appendix to subpart M to part 200. I understand that I am obliged to develop and maintain records on these activities, and to make them available to HUD upon request.	<input type="checkbox"/>	<input type="checkbox"/>

Builder: I hereby certify that the site analysis information is true and accurate to the best of my knowledge and belief. I further certify that on all properties eligible for maximum LTV financing, the plans and specifications submitted herewith have been reviewed by the individual signing above and that the individual has the knowledge and experience necessary to determine whether such plans and specifications comply with the HUD/FHA requirements set forth at 24 CFR 200.926d and with other applicable HUD requirements as determined in accordance with 24 CFR 200.926(d)(1) and (2). Any subsequent changes to these plans and specifications shall comply with the aforementioned requirements. Upon sale or conveyance of the property, the undersigned will promptly furnish to the lender a Warranty of Completion of Construction, form HUD-92544 on all properties eligible for maximum LTV financing.

12 a. Name of Builder's Company (type or print):	13 a. Name & Title of Builder (type or print):	
b. Street Address:	b. Signature of Builder:	Date:
c. City, State, & Zip Code:	c. Telephone Number (include area code):	

I, the undersigned, certify under penalty of perjury that the information provided above is true and correct.
WARNING: Anyone who knowingly submits a false claim, or makes false statements is subject to criminal and civil penalties, including confinement for up to 5 years, fines, and civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729).

This form must be complete and legible and must be reproduced to include all three pages.
 Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Executive Order 11988 and HUD environmental regulations (24 CFR Part 51) require builders who build newly constructed properties to ensure that the property is not affected by: flood hazards, noise, runway clear zones, explosive/flammable materials storage hazards, toxic waste hazards, and other foreseeable hazards that may affect the site.

HUD requires this information to determine whether the site/location factors would adversely affect the dwelling or homeowner. A response is required whenever a builder builds new properties. Confidentiality is not applicable.

Instructions for Builder's Certification, form HUD-92541

Item 1. Site Analysis: All builders must answer all the questions in this item. An addendum may be added, if necessary, to provide a full explanation about any of the site conditions listed.

A. Flood Hazards: HUD prohibits new construction in Special Flood Hazard Areas unless there is a Letter of Map Amendment (LOMA), a Letter of Map Revision (LOMR), or an Elevation Certificate in accordance with 24 CFR 200.926d(c)(4) provided to the lender.

Items 1.B-F The builder must provide this information for all properties. If the property is a condominium, the builder may have to mitigate the site issue if the project has not yet been approved by HUD.

B. Noise: Self-explanatory.

C. Runway Clear Zones/Clear Zones: If the property is located in a Runway Clear Zone / Clear Zone, the lender must require, as a condition of borrower approval, that the borrower will sign a statement acknowledging receipt of the notification required by 24 CFR 51.303(a)(3).

D. Explosive/Flammable Materials Storage Hazard: Self-explanatory

E. Toxic Waste Hazards: Self-explanatory.

F. Foreseeable Hazards or Adverse Conditions: Self-explanatory.

Items 2-8: The builder/builder's agent must complete these items as follows:

Items 2, 3 & 4. Place an "X" in the box in Items 2, 3 and 4. The certified builder must complete Items 5 thru 8 as follows:

Item 5. The local/State code in Item 5 is the accepted code for a locality. The additional requirements needed from the Table in 24 CFR 200.926c, to supplement a partially acceptable local code, must be shown in Item 5.

Item 6. When the whole CABO Code is used as the HUD referenced code in jurisdictions with "no code" or an "unacceptable code," place an "X" in the box in Item 6 and place the word "All" in the space.

Item 7. Place an "X" in the box on line 7, and, if applicable name equivalent code.

Item 8. If the dwelling is a manufactured (mobile) home, place an "X" in the box in Item 8. Properly complete lines 4 through 7 for all "foundation and site work." Insert the HUD label number(s) in the box provided.

Items 9 & 10. The builder or the builder's agent must complete and sign these items. If the builder's agent completes and signs these items, the agent is certifying that they have the knowledge and experience to determine whether the plans and specifications comply with HUD/FHA requirements set forth in 24 CFR 200.926d and with other applicable HUD requirements in 24 CFR 200.926(d)(1) and (2). The builder's agent further declares that the site information is true and accurate to the best of their knowledge and belief.

Item 11. If a builder has sold or intends to sell five (5) or more newly constructed properties within a twelve (12) month period, the builder is required to have one of the following:

- Be in good standing to a Voluntary Affirmative Marketing Agreement (VAMA);
- Have a HUD approved Affirmative Fair Housing Marketing Plan (AFHMP);
- Have a contract with a Marketing Agent to implement its approved AFHMP; or a contract with a Marketing Agent with signatory to a National Association of Realtors VAMA; or
- Certify to the requirements which are hereby listed, taken from 24 CFR 200.620.

Items 12 & 13. The builder must complete and sign Items 12 and 13. The certification is self-explanatory. All changes to the original form must be initialed and dated by the builder.

Appraiser / Direct Endorsement Lender's Responsibility

FHA Roster Appraiser. The appraiser must receive a fully executed form HUD-92541 before performing the appraisal on proposed or under construction properties or properties less than one year old and never occupied. The appraiser must review Item 1 and note in the Appraisal Report any discrepancies between the information in Item 1 and the actual conditions observed on site. The appraiser must take into consideration the effects of any site conditions on the value of the property.

Direct Endorsement Underwriter. The DE Underwriter must review the Appraisal Report and the Builder Certification as part of the underwriting process, taking into consideration the effect of any site conditions on the value of the property. Page 1 of this form must be complete and legible.

The Mortgagee must provide the Appraiser with a fully executed form HUD-92541, signed and dated no more than 30 Days prior to the date the appraisal was ordered. The DE Underwriter cannot change and/or modify this certification form.

OTC Closing Disbursement Authorization

Loan Number		Borrower	
Property Address			
Builder/Retailer			

Builder/Retailer Final Contract Price: \$ _____

Disbursement Description (Not considered a draw)	Cost	
AFR Administration Fee (Per OTC Agreement/Acknowledgement Form) To be wired to AFR as per wire instructions provided by AFR Closing Dept.	\$	
Additional Construction Interest (if applicable)	\$	
Seller Concessions/Builder Contributions (Per Sales Contract. This number can be up to, but not to exceed)	Per Contract	Actual at Closing
	\$	\$
Realtor Commissions - if applicable (Per Sales Contract)	\$	
Total Amount Requested	\$	

The Builder/Retailer below hereby submits this Closing Disbursement Authorization to American Financial Resources, Inc. (AFR), the appointed Escrow Agent, and agrees to the representations, warranties, and agreements contained herein. The undersigned is authorizing the Escrow Agent to disburse the above described sums to the appropriate parties as indicated in the executed sales contract and agreements. I am aware that any persons signing this Authorization Form shall be personally liable for any loss or damage resulting from any false or incorrect information given on this form.

 Builder's/Retailer's Signature Printed Name

 Company Name Title Date

Builder Declaration in Lieu of Placement Survey

I, _____, hereby declare as follows:

[BUILDER NAME]

1. I am a duly licensed Builder/Contractor in the State of _____ License No. _____,
[STATE]
2. and am the Builder/Contractor responsible for the project at :

[ADDRESS]

including but not limited to: (a) the placement of the home; (b) the placement of the well (if applicable); and (c) the placement of the septic system (if applicable).

3. I am fully familiar with the aforementioned project referenced above and make this declaration based on my own personal knowledge of same and am making this Declaration knowing that American Financial Resources, Inc. is relying on its accuracy to make an insurable loan and I intend that it be relied upon for such purpose.
4. I have reviewed the aforementioned placement of the home, well and septic, all as applicable, and I can confirm that all placements conform to the metes and bounds of all applicable requirements by all local zoning laws, Veterans Administration, Federal Housing Administration and or the United States Department of Agriculture.
5. I shall indemnify Lender and its successors and or assigns for any errors contained in this Declaration that cause damages.

I declare under penalty of perjury and pursuant to 28 U.S.C. § 1746 that the foregoing statements made by me are true and correct to the best of my knowledge.

Executed by _____, on this _____ day of _____, 20_____.

[PRINT NAME]

Disbursement Authorization and Appointment of Agent

The undersigned Borrower hereby authorizes _____ ("lender") and /or its successors or assigns to disburse construction draws to _____ (Builder/Retailer) during construction of the home located at the following property address:_____.

The final disbursement, including any retainage, will be made upon execution and delivery of (i) the Affidavit of Completion and Indemnity by Builder/Retailer and (ii) the Affidavit of Completion and Acceptance by Borrower.

Borrower hereby appoints Builder/Retailer as Borrower's duly authorized agent for purposes of taking any actions (including, but not limited to, submissions of requests for loan draws for construction in the manner and on the forms prescribed by lender necessary on Borrower's behalf to obtain advances or draws pursuant to the Loan Agreement, to be executed at closing, between Borrower and Lender.

This appointment shall continue in the event of any subsequent disability of Borrower.

Borrower's appointment of Builder/Retailer hereunder may be revoked only by written revocation signed by Borrower, which revocation shall not be effective until received by both Builder/Retailer and _____ at the appropriate address as follows:

Builder/Retailer: _____
Attn: _____

Executed this _____ day of _____, _____, to be effective the date of the Loan Agreement.

Borrower's Signature

Co-Borrower's Signature

Accepted:

Builder's/Retailer's Company Name

Builder's/Retailer's Signature Title

Construction/Permanent Loan Disclosure

FHA/VA Case Number: _____

In reference to the contract between the Borrower(s) _____ and
(Builder/Retailer) _____ for a property to be constructed at:

The Builder/Retailer and Borrower agrees that all necessary construction building permits shall be obtained prior to the closing of the loan.

The Builder/Retailer agrees that all construction loan costs will be paid by the Builder/Retailer, including but not limited to construction loan interest, construction administration fees, construction underwriting fees, inspection fees, and any other financing charges incurred during the construction period.

Note: During the construction period, Borrower is responsible for all property taxes that may come due during this timeframe.

Federal Housing Administration ("FHA") DISCLOSURE

The above-referenced loan is not eligible for FHA mortgage insurance until after either a final inspection or the issuance of a certificate of occupancy by a local governmental jurisdiction, whichever is later. Moreover, FHA has NO obligation until the mortgage is endorsed for insurance. The lender shall request such endorsement after final inspection or issuance of the certificate of occupancy. During construction, the loan is NOT insured by FHA.

Department of Veterans Affairs ("VA") DISCLOSURE

The above-referenced loan is not eligible for VA Loan Guaranty until after a clear final compliance inspection report has been received by VA. The lender shall request such loan guaranty after a clear final inspection. During construction, the loan is NOT guaranteed by VA.

U.S. Department of Agriculture ("USDA") DISCLOSURE

The above-referenced loan is not eligible for USDA Loan Guaranty until after a clear final compliance inspection report has been received by USDA. The lender shall request such loan guaranty after a clear final inspection. During construction, the loan is NOT guaranteed by USDA.

Builder's/Retailer's Company Name Signature Title Date

Borrower's Signature Date

Co-Borrower's Signature Date

AFR One-Time Close Program Outline and Acknowledgement Agreement Draw Program for Manufactured / Modular / Site-Built Homes

This Program Outline and Acknowledgement Agreement (“Agreement”) is effective as of the last date signed below and is entered into between American Financial Resources, Inc. a New Jersey Corporation (“AFR”), its successors and/or assigns the Builder/Retailer and the Borrower(s). This is a three-party agreement meant to state the benefits to, and the obligations of, each of the three parties, namely, AFR (also the “Lender”), the Builder/Retailer, and the Borrower(s). WHEREAS Builder/Retailer and the Borrower(s) wish to participate in AFR’s One-Time Close (OTC) program, the Builder/Retailer, together with the Borrower(s) understand and agree, in addition to any other agreements or requirements that AFR may require the following terms and conditions are applicable and are a material inducement for AFR to undertake lending the funds for this transaction:

Description of product:

The product that each of you (Builder/Retailer and Borrower) are engaging in is an OTC (One-Time Close or single close) mortgage transaction. Although this program has only one closing event (saving time and money), this product is funded in two stages. At the closing, AFR will fund all closing costs, land acquisition costs and third-party fees that are due, including the Admin Fee payable to AFR, and all of which are incurred at closing and are non-refundable even in the situation where the project is cancelled soon, or at any time, after closing. These closing costs include, but are not limited to, title fees, settlement fees, fees to establish a Borrower escrow account, appraisal and other inspection fees that were due prior to the initial closing; as well as land purchase or mortgage payoffs amounts, and the Administration Fee due to AFR which is earned and payable at closing. The Builder/Retailer will ONLY receive funding or draws during the construction phase as set forth in this Agreement and the final draw only once the subject property and all final inspections are met and approved by AFR. Upon completion of the subject property and all terms of this Agreement fulfilled to the reasonable satisfaction of AFR, the final draw, less any expenses as set forth herein, will be paid to the Builder/Retailer. Below are the requirements for draws, construction completion, construction interruption or non-completion, and final funding.

The Builder/Retailer and Borrower(s) understand and agree the Builder/Retailer is responsible for delivering a home completed in accordance with FHA, VA, USDA, Fannie Mae, and Freddie Mac guidelines. The Builder/Retailer warrants all utilities (water, sewer, electrical, gas, plumbing, as applicable) are 100% functional at the time of delivery,

Definition of Subject Property:

A subject property is the property for which Borrower(s) intends to obtain a loan. This can be either a new property (purchase) or an existing property (refinancing) and with respect to this Agreement, is the property in connection with which Borrower(s) are obtaining a loan from AFR.

1. Conventional programs: Borrower(s) will be responsible for certain construction related interest payments during the construction of the home. Please refer to the Loan Estimate and other disclosures previously provided for complete details. This option is also available for the FHA program.
2. The following costs associated with the loan will be paid by the Builder/Retailer during the construction phase:
 - A One-Time Close administration fee and payable to AFR at closing:
 - OTC Administration Fee includes for **FHA and Conventional**:
 - A predetermined number of construction draws and the required corresponding inspections
 - Title updates (also known as date down endorsements)
 - Construction Management Operations costs
 - Construction interest, notwithstanding early completion, or extensions
 - OTC Administration Fee Includes for **VA and USDA**:
 - A predetermined number of construction draws and the required corresponding inspection
 - Construction management Operation Costs
 - Principal and Interest of construction period in months, notwithstanding early completion, or extensions.
 - Title update (also known as date down endorsement)
 - “Builder Financed Amount” is the final contract price of the home and any improvements (including Builder’s contribution to land costs, closing costs, and prepaids)

- Any of the following to be deducted from the construction escrow:
 - Any fee associated with an initial or final survey by AFR or state law.
 - All final inspection costs.
 - Any unpaid Builder/Retailer's fees or costs paid by AFR on behalf of the Builder/Retailer.
 - Any additional interest resulting from extensions referenced in the clause 3 below.
3. The Builder/Retailer is to provide a building timeframe after consultation with Borrower(s) and reviewing all plans and expectations for the Subject Property, and to, which the Borrower(s) has/have agreed. This time frame will be used to calculate the total cost of the build. Builder/Retailer estimates time not to exceed _____ months for project completion. _____(initialed by Builder/Retailer) Extensions to this estimate may be requested but no building timeline may exceed 1 (one) year. The timeframe starts on the date of loan closing.
- Early completion for **FHA and Conventional** transactions (in the event construction is fully satisfactorily completed prior to the originally agreed to timeline):
 - Builder/Retailer may be eligible to receive an early completion incentive calculated by multiplying:
 - cumulative balance drawn by the Builder/Retailer excluding the final disbursement; by
 - a daily rate of interest derived as 7% divided by 365; by
 - actual number of days between the final disbursement and the originally agreed to completion date.
 - Incentive payment will be added to the final disbursement.
 - Sample calculation A - construction is completed takes 15 days earlier than originally agreed to and prior to the final disbursement the cumulative drawn balance was \$360,000.00; the early completion incentive is calculated as [$\$360,000.00 * 7\% / 365 * 15$] = \$1,035.62 added to the final disbursement.
 - Extensions (in the event construction is not fully satisfactorily completed by the originally agreed to timeline):
 - AFR must approve all requests for extensions,
 - Requests for extensions should be made as soon as the Builder/Retailer is aware that they will not complete the Subject Property in the original timeline, but in no cases, less than 2 weeks prior to the agreed-to completion date.
 - Builder/Retailer will be charged additional interest for each extension period calculated by multiplying:
 - Loan amount; by
 - A daily rate of interest derived as 7% divided by 365; by
 - Actual number of days between the end of the prior period and the final disbursement
 - Sample calculation: Construction takes 22 days longer than originally agreed [$\$140,000.00$ loan amount; additional interest is calculated as [$\$140,000.00 * 7\% / 365 * 22$] = \$590.69 deducted from the final disbursement.
 - Early completion for **VA and USDA** (in the event construction is fully satisfactorily completed prior to the originally agreed to timeline):
 - Builder/Retailer may be eligible to receive an early completion incentive.
 - Extensions (in the event construction is not fully satisfactorily completed by the originally agreed to timeline): AFR must approve all requests for extensions.
 - Requests for extensions should be made as soon as the Builder/Retailer is aware that they will not complete the Subject Property in the original timeline, but in no cases, less than 2 weeks prior to the agreed-to completion date.
 - Builder/Retailer will be charged additional months of Principal and Interest plus \$200.00 for each extension exceeding 30 days beyond the original build time.
 - **IT IS A MATERIAL OBLIGATION OF BUILDER/RETAILER TO COMPLETE THE SUBJECT PROPERTY WITHIN THE TIME FRAME STATED, OR AS OTHERWISE EXTENDED, AND IN ANY EVENT, NOT MORE THAN ONE YEAR FROM THE CLOSING OF THE LOAN. BUILDER/RETAILER UNDERSTANDS AND AGREES THAT THEY ARE IN THE BEST POSITION TO CONTROL AND MANAGE DELAYS AND SHALL BE SOLELY RESPONSIBLE FOR THE ADDITIONAL INTEREST CAUSED BY DELAYS. IF BUILDER/RETAILER ABANDONS THE PROJECT FOR ANY REASON, OTHER THAN FOR BEING TERMINATED BY BORROWER(S), BORROWER(S) MAY HIRE ANOTHER CONTRACTOR TO FINISH AND HOLD BUILDER/RETAILER RESPONSIBLE FOR ANY**

SHORTFALL. BORROWER(S) UNDERSTAND AND AGREE THAT THEY ARE RESPONSIBLE TO OVERSEE COMPLETION IN A TIMELY MANNER AND FAILURE TO COMPLETE THE SUBJECT PROPERTY IN ONE YEAR FROM CLOSING IS GROUNDS FOR AFR TO FORECLOSE ON ITS LOAN IRRESPECTIVE OF LOAN PAYMENTS BEING CURRENT AT THE TIME.

- **THE CONSTRUCTION ESCROW ESTABLISHED PURSUANT TO THIS AGREEMENT IS BEING HELD BY AFR TO PAY THE BUILDER/RETAILER ACCORDING TO THEIR CONTRACT WITH THE BORROWER. ALL FEES, ADDITIONAL INTEREST FOR DELAYS AND OTHER COSTS OF CONSTRUCTION ARE TO COME OUT OF THIS ESCROW (BORROWER'S FINAL LOAN CANNOT INCREASE FOR ANY REASON OR BE RESPONSIBLE TO PAY ANY SUCH FEES OUT-OF-POCKET) AND THE BUILDER/RETAILER IS RESPONSIBLE TO PAY SUCH FEES AND ACKNOWLEDGES AND AGREES THAT THEIR FINAL PAYMENT MAY BE REDUCED BY SUCH FEES.**
 - **IN THE EVENT THAT BUILDER/RETAILER IS TERMINATED MID-PROJECT FOR ANY REASON, THE FOREGOING DESCRIBED FEES MAY ALSO REDUCE THE ESCROW BALANCE AND MAY IMPACT ANY TERMINATION PAYMENT DUE AND MAY ALSO IMPACT BORROWER'S ABILITY TO COMPLETE THE PROJECT WITH A DIFFERENT CONTRACTOR FOR THE AVAILABLE REMAINING ESCROW BALANCE AS SUCH FEES MAY CONTINUE TO REDUCE THE ESCROW BALANCE AFTER TERMINATION. AS A MATERIAL INDUCEMENT TO AFR TO UNDERTAKE THE LOAN, BORROWER AND BUILDER/RETAILER HEREBY RELEASE AFR FROM ANY AND ALL CLAIMS AND ACTIONS AGAINST AFR FOR COLLECTING SUCH FEES RIGHTFULLY DUE FROM THE ESCROW IRRESPECTIVE OF THE EFFECT IT MAY HAVE ON ANY MONIES DUE TO THE BUILDER/RETAILER OR THE ABILITY FOR BORROWER TO COMPLETE THE PROJECT WITH ANOTHER CONTRACTOR.**
4. The Builder/Retailer and Borrowers understand and agree the Builder/Retailer is responsible for delivering a home completed in accordance with FHA/VA/USDA/FNMA/FHLMC guidelines. The Builder/Retailer warrants all utilities (water, sewer, electrical, gas, plumbing as applicable) are 100% functional at the time of delivery.
 5. Certificate of Occupancy (COO) and/or equivalent:
 - Must be delivered and reviewed to be found acceptable by AFR.
 - Completed within 2 weeks of the expiration of the construction period or an extension fee shall apply.
 6. Only Fixed Cost Building Contracts are 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.
 - There shall be no upfront money disbursed by either AFR or the Borrower(s). Not applicable for [Premier Builder/Retailer](#).
 - Draw disbursements are outlined in paragraph 26.
 7. Builder/Retailer must provide detailed line-item cost of construction breakdown (cost takeout) and full materials list:
 - Builder/Retailer must also include a five percent contingency line item as part of the total cost of construction. Not required for [Premier Builder/Retailer](#) or if a property is a Manufactured Home.
 - On projects above \$1mm, the Builder/Retailer must include a ten percent contingency line item as part of the total cost of construction.
 - Use of contingency funds must be requested in writing by the Builder/Retailer, approved by AFR, and authorized by the Borrower(s).
 - Unused contingency funds will be applied as a principal reduction after construction is complete.
 8. Prior to ordering a proposed construction appraisal, the following is required based on construction type:
 - Complete set of Plans and Specifications, to include floor plans and elevations (front, rear, and side), signed by Borrower(s) and Builder/Retailer
 - Initial Site Plan must show lot dimensions, setbacks, easements adjoining roads, location of house, driveway and location of garage. If applicable, location of septic system and well to include distances.
 - Executed Builder/Retailer Sales Contract
 - Executed 3rd Party Land Sales Contract (if applicable)
 - All reports and available information (i.e., Title report, environmental reports or studies and inspection reports)
 - HUD 92541 Builder/Retailer Certification of Plans and Specifications form (for FHA/VA loans)
 9. Plans and specifications requirements: Plans and specifications must be created by a professional with the appropriate certifications, background, training, and experience to produce these documents. Said professionals' qualifications

must be acceptable to AFR. The contractor/builder and Borrower agree and are satisfied with the outlined mechanical plan, including but not limited to HVAC, plumbing and electrical. The costs are incorporated into the final building proposal/costs. The mechanical plans for those systems will be made available post-closing to the lender along with a copy of the permits for those systems.

- **Manufactured Homes:** floor plan, elevation drawings to include front, rear, and sides of home, engineer certified foundation/pier plan along with site letter indicating the HUD requirements being met.
- **Modular Homes:** floor plan, foundation plan and elevation drawings to include front, rear and sides of home. HUD Form-92005 Description of Materials (HVAC, Plumbing and electrical) can be provided post-closing along with copies of the permits. prior to funding by acknowledging this agreement.
- **Site built** floor plan, foundation plan and elevation drawings to include front, rear and sides of home. HUD Form-92005 Description of Materials (HVAC, Plumbing and electrical) can be provided post-closing along with copies of the permits. prior to funding by acknowledging this agreement.
- **For all FHA/USDA loans:** The contractor/Builder and the Borrower have discussed the Mechanical (HVAC, plumbing, and electrical) plans/design. The contractor/Builder and Borrower agree and are satisfied with the outlined mechanical plan and the costs are incorporated into the final building proposal/costs. The HUD Form-92005 Description of Materials for those systems will be made available post-closing to the lender along with a copy of the permits for those systems.
- **For all VA loans:** VA Form- 26-1852 Description of Materials must be provided, to underwriting for their review prior to closing.

10. Building Permits:

- **Are required prior to the closing of the loan.**
- Are required where applicable per county and state requirements.
- A copy of the building permit must be provided to AFR before work commences.

11. New or Existing Construction projects which have begun prior to closing and funding are ineligible for this program.

12. AFR requires first lien priority, and the note shall contain a provision that allows foreclosure in the event this Agreement is materially breached, including but not limited to exceeding time frames for build.

13. Mechanics and/or Materialmen's liens:

- If present, are not eligible for this program.
- In the event that AFR becomes aware of such lien, the Builder/Retailer shall pay all costs necessary to remove any such liens and shall reimburse and indemnify AFR, should AFR be required to (or determines it to be in their best interest and does) pay costs to remove such liens.
- AFR may request sub-contractor's lien waivers from Builder/Retailer prior to disbursement of any funds.

14. The Builder/Retailer and Borrowers understand and agree the Builder/Retailer is responsible for delivering a home completed in accordance with FHA, VA, USDA, FNMA and FHLMC guidelines. The Builder/Retailer warrants all utilities (water, sewer, electrical, gas, plumbing, as applicable) are 100% functional at the time of delivery.

15. Oregon Specific Requirements:

- Builder/Retailer will submit a list of all sub-contractors utilized on the construction project. Lien waivers will be required from each sub-contractor, as services are provided. Such costs to be paid by the Builder/Retailer.
- An Early Issue Title Policy will be required. The cost associated with this policy is the **responsibility of the Borrower**. This fee will be collected at closing/funding and held in escrow until the completion of the construction project.

16. Construction Matters and Disbursements:

- AFR will only discuss construction matters with the Builder/Retailer who has executed this acknowledgment and is the general contractor for the construction project.
- AFR will NOT discuss construction matters with any subcontractor.
- AFR does not hire or recommend sub-contractors for any construction projects, nor does it endorse the Builder/Retailer, general contractor, sub-contractor, or any other party involved in the construction project, but may, in its sole discretion, disqualify any contractor.
- The Builder/Retailer is expected manage and resolve all sub-contractor matters.
- The Borrower(s) is/are solely responsible for resolving all construction issues with the Builder/Retailer.
- AFR's communication with the Builder/Retailer is limited to draw disbursements and inspections and is not directly related to the progress of the construction and or the quality or workmanship of the project.

17. All funds disbursed during construction by AFR shall be disbursed to the Builder/Retailer in accordance with the

agreed upon draw schedule.

- Builder/Retailer is responsible for payment to any sub-contractors involved with the construction project.
- AFR does not disburse funds directly to any sub-contractor or to the Borrower(s).
- Borrower(s) may not receive funds from AFR or the Builder/Retailer in return for work performed by Borrower(s).
- Borrower(s)' may not participate as a sub-contractor.

18. Water Well (existing or to be constructed):

- Any existing Water Well or well to be constructed must meet FHA new construction guidelines.
- Public water is required to be available at lot boundary.
- If public water is not available a developed well is required on the site prior to a final inspection/certification of occupancy as applicable.
- Water Well Installation estimate from Well installer is required prior to *closing unless permits are available at closing*.
- Only drilled Wells are acceptable.
- Newly drilled Water Wells require either a county well certification or a private company report dated within six (6) months of closing – documenting acceptable well flow and water purity.
- If a Water Well exists a water potability test is required (Bacteria / E-coli, Total Coliforms, Lead, Nitrate, and Nitrite). The cost of the water test is the Builder/Retailer's responsibility.
- Verification will be made on all Water Wells (existing or new) of the required distances from property lines and built structures.
- Existing Water Wells must comply with FHA new Construction Water Well guidelines for potability and flow test requirements and meet county/state requirements.
- A Well located within the foundation walls of New Construction is not acceptable except in arctic or sub-arctic regions.

The following tables provide the minimum distance required between Wells and sources of pollution:

Water Well location Minimum Property Standards for New Construction	
24 CFR § 200.926d(f)(3)(iv) *	
1	Property line / 10 feet
2	Septic tank / 50 feet
3	Absorption field / 100 feet
4	Seepage pit or cesspool / 100 feet
5	Sewer lines with permanent watertight joints / 10 feet
6	Other sewer lines / 50 feet
7	Chemically poisoned soil / 25 feet (reduced to 15 feet where ground surface is protected by impervious strata of clay, hardpan or rock)
8	Dry well / 50 feet
9	Other – refer to local health authority minimums
*Distance requirements of local authority prevail if greater than stated above	
The following provides the minimum standards for Individual Water Supply Systems (wells):	
Individual Water System Minimum Property Standards for New Construction 24 CFR § 200.926d(f)(1) and (2)	
1	Lead-free piping
2	If no local chemical and bacteriological water
3	Connection of public water whenever feasible
4	Wells must deliver water flow of five (5) gallons per minute over at least a four (4) hour period

19. Sewer/ Septic Systems:

- If public (municipal) sewer is currently available, it must be set up at the lot boundary.
- If public sewer is not available, and an approved septic system has not yet been installed, a septic installation estimate, for the proposed size of home, from the septic installer, is required prior to closing.
- A PERC test will be required prior to closing on all transactions that will be purchasing an unimproved building lot or paying off a lien at closing that encumbers a building lot that does not currently have an existing septic system any exception to this will need to be approved by AFR management prior to closing.
- Septic system must be designed by an engineer who certifies that it is appropriate for the unit size that is being

placed at the location. (Note, appropriate permits are also required).

20. Elevation Certificate is required if the property is in a FEMA identified flood zone. Such certification will be required by AFR prior to closing based off construction drawings and A final certification will be required prior to final disbursement.

21. Flood Insurance Requirements

- If property is in a FEMA identified flood zone, flood insurance will be required,
- if any part of the security structure on the subject property is constructed in the Special Flood Hazard Area:
 - Proof of flood insurance will be required prior to closing.
 - Failure to provide flood insurance will create a delay in the closing process until provided.

22. Required Inspection Documents: FHA/USDA/Conventional

- All construction types require copies of building permits (or equivalent) and certificate of occupancy (or equivalent); as well as:
 - **Site Built and Modular; Builder/Retailer to provide option 1 or 2:**
 1. Three inspections, (footing, framing and final) performed by the local authority with jurisdiction over the Property or an ICC certified RCI or CI (for Modular Housing, footing and final only) on HUD form 92051 for FHA and USDA. Conventional, the final inspection is completed by the appraiser on form 1004D/442, or
 2. Three inspections for site built (footing, framing, and final) or (for modular housing, footing and final only) performed by a disinterested third-party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the state in which the property is located. Conventional, the final inspection is completed by the appraiser on form 1004D/442.
 - **Manufactured; Builder/Retailer to provide option 1 or 2:**
 1. Two inspections (Initial & Final) performed by the local authority with jurisdiction over the property or an ICC, RCI or CI. Conventional, the final inspection is completed by the appraiser on form 1004D/442, or
 2. Two inspections (initial & final) performed by a disinterested third-party, who is a registered architect or structural engineer and has met the licensing and bonding requirements of the state in which the property is located. Conventional, the final inspection is completed by the appraiser on form 1004D/442.
 - **VA**
 - a) If the local authority performs the required foundation, framing, and final inspections and issues a CO or equivalent, VA will accept the CO for the property as evidence of local authority inspections and satisfactory completion of construction. Please note that framing inspection is not required on manufactured, or modular homes.
 - b) If the local authority performs the required foundation, framing, and final inspections, but does not issue a CO or equivalent, VA will accept copies of the inspection reports, which verify full compliance with local Builder codes, or a written statement from the local authority that states that the required inspections were performed satisfactorily.
 - c) If the local authority does not perform the required inspections, the property must be covered by a 10-year insured protection plan that is acceptable to the Department of Housing and Urban Development (HUD), and a 1-year VA Builder's warranty.
 - d) Final inspection. When the property is 100 percent complete, the lender will contact the original VA appraiser to complete the VA final inspection. If the original VA appraiser is not available, the lender will contact the RLC of jurisdiction for another VA appraiser to complete the final inspection.
 - The cost of the final inspection and any required reinspection(s) is/are the Builder/Retailer responsibility.

23. VA loans only: Builder certifies that if property is located in Radon Zone 1 as designated by the EPA at the following website: <https://geopub.epa.gov/Radon/> that radon resistant construction techniques were used and construction will meet local building codes and state regulations for radon control, where applicable. In the absence of any building codes, certification will be based upon IRC requirements.

24. Final Inspection:

- AFR will order the final inspection when notified by the Builder/Retailer.
- The cost of the final inspection and any required reinspection(s) is/are the Builder/Retailer's responsibility and financial obligation.

25. Change Orders:

- All change orders shall be submitted to AFR for approval, prior to any work being commenced.
- The cost incurred with the change order will be an expense above and beyond any escrowed construction funds from the loan.
- Change order expenses must be paid by Borrower directly to Builder/Retailer and will not be included in the

escrowed funds for construction.

- Neither Builder/Retailer, sub-contractor, supplier, nor the Borrower will rely on or expect AFR to make payment because of any change order.

26. Loan Closings:

- Will not be scheduled sooner than 2 business days after the AFR Underwriter has approved the loan and issued the "Clear-to-Close".
- Evidence of an active Builder risk/course of construction policy along with general liability policy are required prior to clearing the loan or closing. Policy will need to cover the Builder/retailer final contract amount for home and improvements. AFR corporate should be listed as loss payee and the policy should be active at time of construction underwrite and valid until Builder/retailer receives final disbursement.

27. Draw Disbursements are based on the percent of completed work at the time of the request as determined by an inspection:

- The Builder/Retailer is limited to one (1) draw every 30 days unless approved by AFR.
- Draw inspections are requested by the Construction Department upon notification of completion of a phase of work from the Builder/Retailer.
- "Date Down" Endorsements will be required at each draw funding. This will be ordered by AFR's Construction Department.
- A draw inspection must be completed by a city inspector, fee inspector, original appraiser, or an engineer acceptable to AFR.
- Draw inspections will certify that each item has been satisfactorily completed according to the funding requirements.
- Draw request forms are provided to the Builder/Retailer by AFR's Construction Department.
- AFR Draw Request Form must be completed and submitted to AFR's Construction Department for approval prior to any draw funds disbursement (draw payment).
- Manufactured Home Invoice would be considered a draw and is payable directly to the factory or floor plan lender, pending evidence the home is offline and has the proper insurances in place for transportation to the subject site.
- For any draw requests and inspections exceeding those included in the Administrative Fee (see paragraph 1) an additional fee of \$450.00 will be deducted from each subsequent draw disbursement.
- Note: It is AFR's responsibility to obtain written approval from the Borrower before each draw payment is provided to the Builder/Retailer.

28. Final Stage Funding Draw (final disbursement / final draw) will be payable upon AFR's receipt and approval of (as applicable):

- all required new construction forms,
- permits,
- Official 911 address, generally provided on letter head from the 911 coordinator, county or local government,
- fully executed HUD 92544 Warranty of Completion,
- building permits (required on all site built and modular homes)
- certificate of occupancy (required on all site built and modular homes)
- Health Authority Approval Permit if a Well was constructed,
- Health Authority Approval to Construct Permit for a septic system if one was constructed,
- Initial compliance inspection/ pre-pour/ footer inspection on HUD form 92541: required on all manufactured, modular, and site-built projects. (See # 21 above)
- Framing inspection is also required on all Site built projects.

29. Final Compliance Inspection including: Photos of all exterior sides and interior rooms showing utilities functioning. If manufactured home, photos of HUD tags or on modular homes, photos of Factory Built Unit Certifications "UBC" are required. Inspector to comment if there are any previous homes on site on the final inspections. (See # 21 above)

- Completion of all necessary loan modification agreements, executed by the Borrower(s) and receipt of the originals, thereof.

Final Compliance Inspection			
Loan Program	Appraiser Completes	Compliance Form Needed	Engineer Cert needed if not provided prior to closing
FHA	NA	HUD form 92051 (Completed by engineer or ICC, certified RCI, or CI inspector)	Yes
USDA	NA	HUD Form 92051 (Completed by engineer) or 1004D (Completed by Appraiser)	Yes
VA	Yes	NA	Yes
Conv	Yes	NA	Yes

- Provide a satisfactory septic inspection by a licensed septic installer or septic company. This should be on letter head signed and dated with installer license number. If you are making repairs to the existing, we will need county/local approval permits.
- Septic systems to be installed in accordance with county guidelines. Need evidence on county or local letter head indicating it meets requirements.
- Local Health Authority well water analysis - Bacterial and chemical test to be completed in accordance with HUD Guidelines. Must be tested from same water sample, brought to facility by a 3rd party and include satisfactory results for all of the following Lead, Nitrate, Nitrite, E. coli and Coliform.
- HUD-NPMA-99-A Subterranean Termite Treatment: Builder/ Retailer's Certification and Guarantee completed by Retailer indicating type of treatment used (required in most states)
- HUD-NPMA-99-B New Construction Subterranean Termite: Soil Treatment Record completed by Pest Control Company (if soil treatment method was used). Builder/Retailer is responsible for the cost of the termite pre-treatment.
- Builder/Retailer to provide Placement survey on all projects: If well and septic are on site the placement survey must show the following distances: well to property line, well to foundation, well to septic, well to closest point of drain field. Distances will need to meet FHA required Min as you indicated on the plot plan at initial closing.
- Final homeowner's insurance binder Quote from initial closing. Builder/Retailer to have homeowner provide insurance binder once construction is complete and is ready to fund.
- Any other inspections, documents, forms, or Affidavits that AFR may, in its sole discretion, require to be completed.

Additionally:

- Oregon requires all necessary lien waivers and affidavits of completion as well as the Early Issue Title Policy.
- This section is subject to change based on loan type (FHA).

30. Conversion to Permanent Financing:

- AFR reserves the right to reverify the information used to qualify for the loan, the Borrower(s) agree to fully cooperate with AFR with any requests.

31. New pool construction is eligible for this program only in: AL, AZ, GA, FL, LA, MS, NM, NV, TX

- The pool contractor is a subcontractor of the General Contractor, or the General Contractor is building the pool.
- Must be an in-ground pool, above-ground pools are not permitted, and
- Follow all Agency, state, and local requirements.

32. Survey Requirements

- In States that require surveys, AFR requires an initial and final placement survey.
- In the event the title company requires a final placement survey, AFR will require a placement survey.
- In the event the title company does not require a placement survey and does not have an exception within schedule B, AFR will accept a signed placement survey affidavit.
- Final placement survey required at completion prior to loan modification (see above bullets). Cost of the final survey is the responsibility of the Builder/Retailer.

Construction Draw Schedule Details:**Flexibility**

- Builder may take 1 draw every thirty (30) calendar days.
- The Builder may complete the build tasks listed on their Construction Draw Schedule Disclosure in any order.
- Build Tasks from the Draw Schedule are paid on a line item(s) percentage complete basis.
- Material only tasks will not be paid until the corresponding labor is complete.
- Contractual allowances are not permitted.

Prior to commencement of construction, the Borrower and Builder/Retailer acknowledge and agrees to the terms and conditions and associated charges of the Construction-to-Permanent (C-to-P) Loan guidelines contained herein.

Builder/Retailer understands that any variance in compliance with the requirements of this agreement and any of the construction loan agreement can delay AFR's ability to disburse funds. Unless applicable state law prohibits otherwise, compliance with the loan documents is required. Failure to comply may result in additional charges to the Builder/Retailer to bring the construction into compliance with this Agreement and the Construction Loan Agreement.

Borrower explicitly agrees and understands that AFR, its agent's, successors and/or assigns, may, in its sole and exclusive judgement, share my non-public personal information with the Builder/Retailer their successors, assigns or agents.

In the event of a dispute between Borrower(s) and Builder/Retailer over whether the home meets the requirements of the contract (assuming first a final passing inspection), the Builder/Retailer may hire an independent professional engineer (at their own expense and such engineer so certified by NPSE and appropriately licensed or similar accrediting organization) to evaluate and determine if the home complies with all applicable regulations and is constructed as agreed. If the engineer concludes that the home has met all applicable regulations and meets all the contractual requirements, including any addendums, between Builder/Retailer and Borrower(s), AFR may accept such engineer's opinion as Borrower's) authorization to issue the payment of the final funding to the Builder/Retailer.

Borrower(s) and Builder/Retailer expressly understand and agree that AFR is solely a lender in this transaction and AFR has no obligation to either Borrower(s) or Builder/Retailer in the event that the Subject Property is not completed or there is otherwise a dispute between Borrower(s) and Builder/Retailer. If the Subject Property is not completed within the one year limitation from closing, and/or Borrower(s) and Builder/Retailer are in a dispute that cannot or is not resolved pursuant to the terms of this Agreement, AFR, may in its sole discretion, use any money in escrow to make a principal reduction of the Note, in which case, such money will be unavailable to release to Builder/Retailer or to Borrower(s) to pay to another contractor and Borrower(s) and Builder/Contractor shall seek restitution as applicable only from each other and hereby indemnify AFR from and against any claims so long as AFR has complied with the terms of this Agreement. The foregoing is in addition to any other remedies AFR may have at law or equity and not in lieu thereof.

Builder/Retailer Performance Agreement

I/We, the undersigned, hereby agree that in the event of default by the Borrower(s) under loan documents executed to finance construction of improvements we shall, at "AFR's" option and direction, continue performance under our agreement with such Borrower(s), provided that we are compensated for all work after said direction by you, your successors and/or assigns or purchaser in accordance with the agreement with the applicant(s).

Signatures

Each individual signing this Agreement directly and expressly warrants that he/she has been given and has received and accepted authority to sign and execute the documents on behalf of the Party for whom it is indicated he/she has signed, and further has been expressly given and received and accepted authority to enter into a binding agreement on behalf of such Party with respect to the matters concerned herein and as stated herein. If any party (Builder/Retailer or Borrower) is a corporation, partnership (general or limited), limited liability company or trust, each person signing this Agreement represents that such person is authorized to execute this Agreement without the necessity of obtaining any other signature of any officer, partner, manager, member, trustee or beneficiary, that the execution of this Agreement has been properly authorized by the Board of Directors of the corporation, by the partners of the partnership, the members and/or managers of the limited liability company or the trustee or the trust, as the case may be, and that this Agreement is fully binding on the Dealer/Retailer and all Borrowers.

Subject Property Address

Builder/Retailer Company Name

Builder/Retailer Authorized Signature

Builder/Retailer Name Printed	Title	Date Signed
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Borrower Signature	Name Printed	Date Signed
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Co-Borrower Signature	Name Printed	Date Signed
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Co-Borrower Signature	Name Printed	Date Signed
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Co-Borrower Signature	Name Printed	Date Signed
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Lender Authorized Signature	Name Printed	Date Signed
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One-Time Close Program Outline and Acknowledgement Agreement No Draw Program for Manufactured and Modular Homes

This Program Outline and Acknowledgement Agreement (“Agreement”) is effective as of the last date signed below and is entered into between American Financial Resources, Inc. a New Jersey Corporation (“AFR”), its successors and/or assigns the Builder/Retailer and the Borrower(s). WHEREAS this is a three-party agreement meant to state the benefits to, and the obligations of, each of the three parties, namely, AFR (also the “Lender”), the Dealer/Retailer, and the Borrower(s). Dealer/Retailer and the Borrower(s) wish to participate in AFR’s One-Time Close (OTC) program for the financing of the within described manufactured or modular home, the Dealer/Retailer and the Borrower(s) understand and agree, in addition to any other agreements or requirements that AFR may require the following terms and conditions are applicable and are a material inducement for AFR to undertake lending the funds for this transaction:

Description of product:

The product that each of you (Dealer/Retailer and Borrower) are engaging in is an OTC (One-Time Close or single close) mortgage transaction. Although this program has only one closing event (saving time and money) this product is funded in two stages. At the closing AFR will fund all closing costs, land acquisition costs and third-party fees that are due. These closing costs include, but are not limited to, title fees, settlement fees, fees to establish a Borrower escrow account, appraisal and other inspection fees that were due prior to the initial closing; as well as land purchase or mortgage payoffs amounts and the Administration Fee due to AFR which is earned and payable at closing. The Retailer/Dealer will **NOT** receive funding or draws of any kind prior to the completion of the subject property and all final inspections are met and approved by AFR except for that which is intended to be distributed at closing which includes the AFR Administration Fee and closing credits to the Borrower. Upon completion of the subject property and all terms of this Agreement fulfilled to the reasonable satisfaction of AFR, one single funding will be paid to the Dealer/Retailer. Below are the requirements for construction completion and final funding.

The Dealer/Retailer and Borrowers understand and agree the Dealer/Retailer is responsible for delivering a home completed in accordance with FHA, VA, USDA, Fannie Mae, and Freddie Mac guidelines. The Dealer/Retailer warrants all utilities (water, sewer, electrical, gas, plumbing, as applicable) are 100% functional at the time of delivery,

Definition of Subject Property:

A subject property is the property for which Borrower(s) intends to obtain a loan. This can be either a new property (purchase) or an existing property (refinancing) and with respect to this Agreement, is the property in connection with which Borrower(s) are obtaining a loan from AFR.

Key Responsibilities & Requirements:

1. Conventional programs: Borrower(s) will be responsible for certain construction related interest payments during the construction of the home. Please refer to the Loan Estimate and other disclosures previously provided for complete details. This option is also available for the FHA program.
2. The following costs associated with the loan will be paid by the Dealer/Retailer during the construction phase:
 - A One-Time Close administration fee payable to AFR at closing:
 - OTC Administration Fee includes:
 - Interim construction interest,
 - Inspection fees,
 - Draw fees,
 - Loan oversight, and
 - Title updates.
 - Any of the following to be deducted from the construction escrow:
 - Any fee associated with an initial or final survey by AFR or state law.
 - All final inspection costs.
 - Any unpaid Builder/Retailer’s fees or costs paid by AFR on behalf of the Retailer/Dealer.
3. The Dealer/Retailer provides the following building timeframe after consultation with Borrower(s) and reviewing all plans and expectations for the Subject Property, and to, which the Borrower(s) has/have agreed. This time frame will be used to calculate the total cost of the build. Dealer/Retailer estimates time not to exceed _____ months for project completion. _____ (initialed by Dealer/Retailer). Extensions to this estimate may be requested but no building timeline may exceed 1 (one) year. Note: completion is to be evidenced by the final inspection (which shows no outstanding issues), the certificate of occupancy, or other documents as required by AFR in its sole discretion. The timeframe starts on the day of loan closing.

- Extensions (in the event construction is not fully satisfactorily completed by the originally agreed to timeline):
 - AFR must approve all requests for extensions.
 - Requests for extensions should be made as soon as the Dealer/Retailer is aware that they will not complete the Subject Property in the original timeline, but in no cases, less than 2 weeks prior to the agreed-to completion date.
 - Builder/Retailer will be charged additional interest for each extension period calculated by multiplying:
 - Loan amount; by
 - A daily rate of interest derived as 7% divided by 365; by
 - Actual number of days between the end of the prior period and the final disbursement
 - Sample calculation: Construction takes 22 days longer than originally agreed [\$140,000.00 loan amount; additional interest is calculated as $[\$140,000.00 * 7\% / 365 * 22] = \590.69 deducted from the final disbursement.
 - **IT IS A MATERIAL OBLIGATION OF BUILDER/RETAILER TO COMPLETE THE SUBJECT PROPERTY WITHIN THE TIME FRAME STATED, OR AS OTHERWISE EXTENDED, AND IN ANY EVENT, NOT MORE THAN ONE YEAR FROM THE CLOSING OF THE LOAN. BUILDER/RETAILER UNDERSTANDS AND AGREES THAT THEY ARE IN THE BEST POSITION TO CONTROL AND MANAGE DELAYS AND SHALL BE SOLELY RESPONSIBLE FOR THE ADDITIONAL INTEREST CAUSED BY DELAYS. IF BUILDER/RETAILER ABANDONS THE PROJECT FOR ANY REASON, OTHER THAN FOR BEING TERMINATED BY BORROWER(S), BORROWER(S) MAY HIRE ANOTHER CONTRACTOR TO FINISH AND HOLD BUILDER/RETAILER RESPONSIBLE FOR ANY SHORTFALL. BORROWER(S) UNDERSTAND AND AGREE THAT THEY ARE RESPONSIBLE TO OVERSEE COMPLETION IN A TIMELY MANNER AND FAILURE TO COMPLETE THE SUBJECT PROPERTY IN ONE YEAR FROM CLOSING IS GROUNDS FOR AFR TO FORECLOSE ON ITS LOAN IRRESPECTIVE OF LOAN PAYMENTS BEING CURRENT AT THE TIME.**
4. Certificate of Occupancy (COO) and/or equivalent:
- Must be delivered and reviewed to be found acceptable by AFR.
 - Completed within 2 weeks of the expiration of the construction period or an extension fee shall apply.
5. Only Fixed Cost Construction Contracts are permitted.
- Earnest Money Deposits (EMDs) must be allocated on the contract and part of the budget toward soft costs and/or materials.
 - There shall be no upfront money disbursed by either AFR or the Borrower(s). Not applicable to [Premier Builders/Retailers](#).
 - Unused contingency funds will be applied as a principal reduction after construction is complete.
6. Prior to ordering a proposed construction appraisal, the following is required based on construction type:
- Complete set of Plans and Specifications, to include floor plans and elevations (front, rear, and side), signed by Borrower(s) and Dealer/Retailer.
 - Initial Site Plan must show lot dimensions, setbacks, easements adjoining roads, location of house, driveway and location of garage. If applicable, location of septic system and well to include distances.
 - Executed Dealer/Retailer Sales Contract
 - Executed 3rd Party land Sales Contract (if applicable)
 - All reports and available information (i.e., Title report, environmental reports or studies and inspection reports)
 - HUD 92541 Builder/Retailer Certification of Plans and Specifications form (for FHA/VA loans)
7. Plans and specifications requirements: Plans and specifications must be created by a professional with the appropriate certifications, background, training, and experience to produce these documents. Said professionals' qualifications must be acceptable to AFR. The Dealer/Retailer and Borrower agree and are satisfied with the outlined mechanical plan, including but not limited to HVAC, plumbing and electrical. The costs are incorporated into the final building proposal/costs. The mechanical plans for those systems will be made available post-closing to the Lender along with a copy of the permits for those systems.
- **Manufactured Homes:** floor plan, elevation drawings to include front, rear, and sides of home, engineer certified foundation/pier plan along with site letter indicating the HUD requirements being met. NOTE: VA REQUIRES MECHANICALS PRIOR TO CLOSING.
 - **Modular Homes:** floor plan, foundation plan and elevation drawings to include front, rear, and sides of home. HUD Form-92005 / VA Form-92005 Description of Materials (HVAC, Plumbing and electrical) can be provided post-closing along with copies of the permits. prior to funding by acknowledging this agreement. NOTE: VA REQUIRES MECHANICALS PRIOR TO CLOSING
 - **For all FHA and USDA loans:** The Dealer/Retailer and the Borrower(s) have discussed the Mechanical (HVAC, plumbing, and electrical) plans/design. The Dealer/Retailer and Borrower(s) agree and are satisfied with the outlined mechanical plan and the costs are incorporated into the final building proposal/costs. The HUD Form-

92005 Description of Materials for those systems will be made available post-closing to the Lender along with a copy of the permits for those systems.

- **For all VA loans:** VA Form- 26-1852 Description of Materials must be provided, to underwriting for their review prior to closing.

8. Building Permits

- Are required where applicable per county and state requirements.
- Are required prior to closing of the loan.
- A copy of the building permit must be provided to AFR before work commences.

9. New or Existing Construction projects which have begun prior to closing or funding are ineligible for this program.

10. AFR requires first lien priority, and the note shall contain a provision that allows foreclosure in the event this Agreement is materially breached, including but not limited to exceeding time frames for build.

11. Mechanics and/or Materialmen's liens:

- If present, are not eligible for this program.
- In the event that AFR becomes aware of such lien, the Dealer/Retailer shall pay all costs necessary to remove any such liens and shall reimburse and indemnify AFR, should AFR be required to (or determines it to be in their best interest and does) pay costs to remove such liens.
- No mechanic's and materialmen's liens may be filed against the real property which acts as AFR's collateral.
- AFR maintains the right to request sub-contractor's lien waivers from the Builder/Retailer, prior to disbursement of any funds.

12. The Dealer/Retailer and Borrowers understand and agree the Dealer/Retailer is responsible for delivering a home completed in accordance with FHA, VA, USDA, FNMA, and FHLMC guidelines. The Dealer/Retailer warrants all utilities (water, sewer, electrical, gas, plumbing, as applicable) are 100% functional at the time of delivery.

13. Oregon Specific Requirements:

- Dealer/Retailer will submit a list of all sub-contractors utilized on the construction project. Lien waivers will be required from each sub-contractor, as services are provided.
- An Early Issue Title Policy is required. Any costs associated with this policy is the responsibility of the Borrower(s). This fee will be collected at initial closing and held in escrow until the completion of the construction project.

14. Construction Matters & Disbursements:

- AFR will discuss all construction matters directly with the Dealer/Retailer who has executed the acknowledgment below and is considered the general contractor for this construction project.
- AFR will not discuss construction matters with any subcontractor.
- AFR does not hire or recommend contractors or sub-contractors, nor does it endorse or certify any Dealer/Retailer, but may, in its sole discretion, disqualify any contractor.
- The Dealer/Retailer must manage and resolve all sub-contractor matters.
- The Borrower(s) is/are solely responsible for resolving all construction issues with the manufacturer or Builder/Retailer.
- AFR's communication with the Retailer/Dealer is limited to draw disbursements and inspections and not directly related to the progress of the construction or the quality of the workmanship.

15. No funds shall be disbursed during construction.

- The Builder/Retailer is solely responsible for payment to any sub-contractors involved with the construction project.
- AFR does not disburse funds directly to the sub-contractor or the Borrower(s). All funds are dispersed through the Escrow Agent.
- Borrower(s) may not receive funds from AFR or the Dealer/Retailer in return for work performed by Borrower(s).
- Borrower's participation as a sub-contractor is prohibited.

16. Water Well (existing or to be constructed):

- Water well is only acceptable when public (municipal) water is not available at the lot boundary.
- If public water is not available, a developed well is required prior to any final inspection and/or certificate of occupancy.
- Any existing water well or well to be constructed must meet all applicable agency new construction guidelines (FHA, VA, USDA, FNMA, and FHLMC).
- Only drilled wells are acceptable.
- Newly drilled water wells require either a county well certification or a private company report dated within six (6) months of closing – documenting acceptable well flow and water purity.
- If a water well already exists a fully satisfactory water potability test is required (Bacteria / E-coli, Total Coliforms, Lead, Nitrate, and Nitrite). The cost of the water test is the Builder/Retailer's responsibility.
- Verification will be made on all water wells (existing or new) of the required distances from property lines and

built structures.

- A Well located within the foundation walls of New Construction is not acceptable except in arctic or sub-arctic regions.

The following tables provide the minimum distance required between Wells and sources of pollution:	
Water Well location Minimum Property Standards for New Construction 24 CFR 200.926d(f)(3)(iv) *	
1	Property line must be at least 10 feet
2	Septic tank must be at least 50 feet
3	Absorption field / 100 feet
4	Seepage pit or cesspool / 100 feet
5	Sewer lines with permanent watertight joints / 10 feet
6	Other sewer lines / 50 feet
7	Chemically poisoned soil / 25 feet (reduced to 15 feet where ground surface is protected by impervious strata of clay, hardpan, or rock)
8	Dry well / 50 feet
9	Other - refer to local health authority minimums
*Distance requirements of local authority prevail if greater than stated above	
The following provides the minimum standards for Individual Water Supply Systems (wells):	
Individual Water System Minimum Property Standards for New Construction 24 CFR 200.926d(f)(1) and (2)	
1	Lead-free piping
2	If no local chemical and bacteriological water
3	Connection of public water whenever feasible
4	Wells must deliver water flow of five (5) gallons per minute over at least a four (4) hour period

17. Sewer/ Septic Systems:

- If public (municipal) sewer is currently available, it must be set up at the lot boundary.
- If public sewer is not available, and an approved septic system has not yet been installed, a septic installation estimate, for the proposed size of home, from the septic installer, is required prior to closing.
- A PERC test will be required prior to closing on all transactions that will be purchasing an unimproved building lot or paying off a lien at closing that encumbers a building lot that does not currently have an existing septic system any exception to this will need to be approved by AFR management prior to closing.
- Septic system must be designed by an engineer who certifies that it is appropriate for the unit size that is being placed at the location. (Note, appropriate permits are also required).

18. Elevation Certificate is required if the property is in a FEMA identified flood zoon. Such certification will be required by AFR prior to closing based off construction drawings and A final certification will be required prior to final disbursement.

19. Flood Insurance requirements:

- If property is in a FEMA identified flood zone, flood insurance will be required,
- If any part of the security structure on the subject property is constructed in a Special Flood Hazard Area:
 - Proof of flood insurance will be required prior to initial closing.
 - Failure to provide flood insurance will create a delay in the closing process until provided.

20. Required Inspection Documents: FHA/USDA/Conventional

- All construction types require copies of building permits (or equivalent) and certificate of occupancy (or equivalent); as well as:
- **Modular; Retailer/Dealer to provide option 1 or 2:**
 1. Two inspections, (footing and final) performed by the local authority with jurisdiction over the Property or an ICC certified RCI or CI on HUD form 92051 for FHA and USDA. Conventional, the final inspection is completed by the appraiser on form 1004D/442, or
 2. Two inspections for (footing, and final) performed by a disinterested third-party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the state in which the property is located. Conventional, the final inspection is completed by the appraiser on form 1004D/442.
- **Manufactured; Dealer/Retailer to provide option 1 or 2:**
 1. Two inspections (Initial & Final) performed by the local authority with jurisdiction over the property or an ICC, RCI or CI. Conventional, the final inspection is completed by the appraiser on form 1004D/442, or
 2. Two inspections (initial & final) performed by a disinterested third-party, who is a registered architect or structural engineer and has met the licensing and bonding requirements of the state in which the

property is located. Conventional, the final inspection is completed by the appraiser on form 1004D/442.

- **VA**

- a) If the local authority performs the required foundation, framing, and final inspections and issues a CO or equivalent, VA will accept the CO for the property as evidence of local authority inspections and satisfactory completion of construction. Please note that framing inspection is not required on manufactured, or modular homes.
- b) If the local authority performs the required foundation, framing, and final inspections, but does not issue a CO or equivalent, VA will accept copies of the inspection reports, which verify full compliance with local Builder codes, or a written statement from the local authority that states that the required inspections were performed satisfactorily.
- c) If the local authority does not perform the required inspections, the property must be covered by a 10-year insured protection plan that is acceptable to the Department of Housing and Urban Development (HUD), and a 1-year VA Builder's warranty.
- d) Final inspection. When the property is 100 percent complete, the lender will contact the original VA appraiser to complete the VA final inspection. If the original VA appraiser is not available, the lender will contact the RLC of jurisdiction for another VA appraiser to complete the final inspection.

- The cost of the final inspection and any required reinspection(s) is/are the Retailer/Dealer's responsibility.

21. VA loans only: Dealer/Retailer certifies that if property is located in Radon Zone 1 as designated by the EPA at the following website: <https://geopub.epa.gov/Radon/> that radon resistant construction techniques were used and construction will meet local building codes and state regulations for radon control, where applicable. In the absence of any building codes, certification will be based upon IRC requirements.

22. Final Inspection:

- AFR will order the final inspection when notified by the Dealer/Retailer
- The cost of the final inspection and any required reinspection(s) is/are the Dealer/Retailer's responsibility and financial obligation.

23. Change Orders

- All change orders must be submitted to AFR for approval, prior to any work being commenced.
- The cost incurred with the change order will be an expense above and beyond any escrowed construction funds from the loan.
- Change order expenses must be paid by the Dealer/Retailer or Borrower and will not be included in the escrowed funds for construction.
- Responsibility for payments related to any change orders is solely the responsibility of the Borrower(s). AFR will in no way be responsible for payments to any party related to change orders.

24. Scheduling Loan Closing:

- Loan closing will be scheduled no sooner than 2 business days after the AFR Underwriter has approved the loan and issued the "Clear-to-Close."
- Evidence of an active Dealer/Retailer risk/course of construction policy along with general liability policy are required prior to clearing the loan or closing. Policy will need to cover the Builder/Retailer final contract amount for home and improvements. AFR corporate should be listed as loss payee and the policy should be active at time of construction underwrite and valid until Builder/Retailer receives final disbursement.

25. No Draw Disbursements

- The Builder/Retailer agree to install the home "turnkey" to the Borrower(s) and receive their final draw upon completion and Final Stage Funding Requirements.

26. Final Stage Funding draw (final disbursement / draw) will be payable upon AFR's receipt and approval of (as applicable):

- approved final inspection,
- all required new construction forms,
- permits,
- Official 911 address, generally provided on letter head from the 911 coordinator, county, or local government,
- fully executed HUD 92544 Warranty of Completion,
- building permits or a (Required on Modular and Site Built)
- certificate of occupancy (Required on Modular and Site Built)
- Health Authority Approval Permit if a Well was constructed,
- Health Authority Approval to Construct Permit for a septic system if one was constructed,
- Initial compliance inspection/ pre-pour/ footer inspection: (See #21 above)
- Final Compliance Inspection including photos of all exterior sides and interior rooms showing utilities functioning. If manufactured home, photos of HUD tags or on modular homes, photos of Factory Built Unit Certifications "UBC" are required. Inspector to comment if there are any previous homes on site on the final

inspections.

- Completion of all necessary loan modification agreements, executed by the Borrower(s) and receipt of the originals, thereof

Final Compliance Inspection			
Loan program	Appraiser Completes	Compliance Form Needed	Engineer Cert needed if not provided prior to closing
FHA		HUD form 92051 (Completed by engineer or ICC, certified RCI, or CI inspector)	Yes
USDA		HUD form 92051 when Manufactured Home (Completed by engineer) or 1004D (completed by appraiser)	Yes
VA	Yes	NA	Yes
Conv	Yes	NA	Yes

- Provide a satisfactory septic inspection by a licensed septic installer or septic company. This should be on letter head signed and dated with installer license number. If you are making repairs to the existing, we will need county/local approval permits.
- Septic systems to be installed in accordance with county guidelines. Need evidence on county or local letter head indicating it meets requirements.
- Local Health Authority well water analysis - Bacterial and chemical test to be completed in accordance with HUD Guidelines. Must be tested from same water sample, brought to facility by a 3rd party and include satisfactory results for all of the following Lead, Nitrate, Nitrite, E. coli and Coliform.
- HUD-NPMA-99-A Subterranean Termite Treatment: Dealer/Retailer's Certification and Guarantee completed by Retailer indicating type of treatment used (required in most states)
- HUD-NPMA-99-B New Construction Subterranean Termite: Soil Treatment Record completed by Pest Control Company (if soil treatment method was used). Dealer/Retailer's is responsible for the cost of the termite pre-treatment.
- Dealer/Retailer to provide Placement survey on all projects: If well and septic are on site the placement survey must show the following distances: well to property line, well to foundation, well to septic, well to closest point of drain field. Distances will need to meet FHA required Min as you indicated on the plot plan at initial closing.
- Final homeowner's insurance binder Quote from initial closing. Builder/Retailer to have homeowner provide insurance binder once construction is complete and is ready to fund.
- Any other inspections, documents, forms, or Affidavits that AFR may in its sole discretion, require to be completed.

Additionally:

- Oregon requires all necessary lien waivers and affidavits of completion as well as the Early Issue Title Policy.
- This section is subject to change based on loan type (FHA and USDA).

27. Conversion to Permanent Financing:

- AFR reserves the right to reverify the information used to qualify the loan; the Borrower(s) agree to fully cooperate with AFR with any requests.

28. The foregoing notwithstanding, in the unlikely event that after making reasonable efforts to resolve a dispute with Borrower(s) over whether the home meets the requirements of the contract, the Builder/Retailer may hire an independent professional engineer (at their own expense and such engineer so certified by NPSE and appropriately licensed or similar accrediting organization) to evaluate and determine if the home complies with all applicable regulations and is constructed as agreed. If the engineer concludes that the home has met all applicable regulations and meets all the contractual requirements, including any addendums, between Dealer/Retailer and Borrower(s), AFR may accept such engineer's opinion as Borrower's authorization to issue the payment of the final funding to the Dealer/Retailer.

29. New Pool Construction is eligible for this program only in: AL, AZ, GA, FL, LA, MS, NM, NV, TX

- The pool contractor is a subcontractor of the General Contractor, or the General Contractor is building the pool,
- Must be an in-ground pool, above-ground pools are not permitted, and
- Follow all Agency, state, and local requirements.

30. Survey Requirements

- In States that require surveys, AFR requires an initial and final placement survey.
- In the event the title company requires a final placement survey, AFR will require a placement survey.
- In the event the title company does not require a placement survey and does not have an exception within Schedule B, AFR will accept a signed placement survey affidavit.
- Final placement survey required at completion prior to loan modification. Cost of the final survey is the

responsibility of the Dealer/Retailer.

Construction Draw Schedule Details:

Prior to commencement of construction, the Borrower(s) and Dealer/Retailer acknowledge and agrees to the terms and conditions and associated charges of the Construction-to-Permanent (C-to-P) Loan guidelines contained herein. Dealer/Retailer understands that any variance in compliance with the requirements of this Agreement and any of the construction loan agreement can delay AFR's ability to disburse funds. Unless applicable state law prohibits otherwise, compliance with the loan documents is required. Failure to comply may result in additional charges to the Builder/Retailer to bring the construction into compliance with the Agreement and the Construction Loan Agreement.

Borrower(s) explicitly agrees and understands that AFR, its agent's, successors and/or assigns, may, in its sole and exclusive judgement, share my non-public personal information with the Builder/Retailer their successors, assigns or agents.

Borrower(s) and Builder/Retailer expressly understand and agree that AFR is solely a lender in this transaction and AFR has no obligation to either Borrower(s) or Builder/Retailer in the event that the Subject Property is not completed or there is otherwise a dispute between Borrower(s) and Builder/Retailer. If the Subject Property is not completed within the one year limitation from closing, and/or Borrower(s) and Builder/Retailer are in a dispute that cannot or is not resolved pursuant to the terms of this Agreement, AFR, may in its sole discretion, use any money in escrow to make a principal reduction of the Note, in which case, such money will be unavailable to release to Builder/Retailer or to Borrower(s) to pay to another contractor and Borrower(s) and Builder/Contractor shall seek restitution as applicable only from each other and hereby indemnify AFR from and against any claims so long as AFR has complied with the terms of this Agreement. The foregoing is in addition to any other remedies AFR may have at law or equity and not in lieu thereof.

Dealer/Retailer Performance Agreement

I/We, the undersigned Dealer(s)/Retailer(s), hereby agree that in the event of default by applicant(s) under loan documents executed to finance construction of improvements we shall, at your option and direction, continue performance under our agreement with such applicant(s), provided that we are compensated for all work after said direction by you, your successors and/or assigns or purchaser in accordance with the agreement with the applicant(s).

Signatures

Each individual signing this Agreement directly and expressly warrants that he/she has been given and has received and accepted authority to sign and execute the documents on behalf of the Party for whom it is indicated he/she has signed, and further has been expressly given and received and accepted authority to enter into a binding agreement on behalf of such Party with respect to the matters concerned herein and as stated herein. If any party (Dealer/Retailer or Borrower) is a corporation, partnership (general or limited), limited liability company or trust, each person signing this Agreement represents that such person is authorized to execute this Agreement without the necessity of obtaining any other signature of any officer, partner, manager, member, trustee or beneficiary, that the execution of this Agreement has been properly authorized by the Board of Directors of the corporation, by the partners of the partnership, the members and/or managers of the limited liability company or the trustee or the trust, as the case may be, and that this Agreement is fully binding on the Dealer/Retailer and all Borrowers.

Subject Property Address

Authorized Dealer/Retailer signature Dealer/Retailer Name Printed Date
(I certify that am authorized to sign on behalf of the Dealer/Retailer)

Borrower's signature Borrower's Name Printed Date

Co-Borrower's signature Co-Borrower's Name Printed Date

Co-Borrower's signature Co-Borrower's Name Printed Date

Co-Borrower's signature Co-Borrower's Name Printed Date

Lender's Agent Lender's Agent Name Printed Date
(I certify that am authorized to sign on behalf of the Lender)