FINASTRA

MortgagebotLOS

Construction Loan User Guide

Entering Construction and Construction-Permanent Transactions in the Lending Portal

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CONTENTS

Overview

This Fusion MortgagebotLOS Construction Loan User Guide covers data entry for construction-only and construction-permanent transactions. The purpose and intent of this guide is to provide users assistance with the data entry of construction loan transactions in the Lending Portal. This guide is not meant to serve as legal advice and is not a substitute for obtaining advice from your own compliance or legal teams.

Revision History

- **February 2024:** Updates made to include information regarding Construction-Permanent loans originated with ARM Products. Edits include product disclosure, ARM Details, and effective APOR.

Borrower Summary

The Borrower Summary screen located under Forms & Docs in the left hand navigation pane is completed when a loan is initially created. The Borrower Summary > Loan Information section collects basic information about the transaction. The Borrower Summary > Construction/Construction Permanent Only section automatically displays when Purpose of Loan is either Construction or Construction-Permanent. The following fields in the Loan Information and Construction/Construction Permanent Only sections of the Borrower Summary should be completed for construction loan transactions.

Borrower Summary > Loan Information

Field	Completed As	Notes
Sales Price	Enter the Sale Price of the property for transactions with a seller.	The amount entered here flows to Loan Estimate > Loan Estimate tab > Purchase Price and Lending Portal > Loan Details > Sales Price. ***Note:*** This is only needed when the borrower is purchasing the lot either on the same or a separate Contract.
Appraised Value	The estimated or appraised as completed value of the home and land	The amount entered here flows to Loan Estimate > Loan Estimate tab > Appraised Value and Lending Portal > Loan Details > Estimated Value fields. When an Appraised Value from a completed appraisal is entered at Lending Portal> Loan Details > Appraised Value, this value writes back to the Appraised Value fields on the Borrower Summary and Loan Estimate screens.

Purpose of Loan	**Construction-only:** select Construction **Construction-Permanent**: select Construction-Permanent for a single-close transaction.	Loan Purpose that populates to the URLA and disclosures for TRID are described later in this guide in the Loan Purpose section.
Number of Months	**Construction-only:** Enter the number of months for the construction period. **Construction-Permanent:** Enter the number of months in the permanent financing phase only.	
Rate	**Construction-only**: Enter the rate for the construction loan. **Construction-Permanent**: Enter the rate for the permanent phase.	

Borrower Summary > Construction/Construction Permanent Only

Field	Completed As	Notes
Construction Type	Newly Built or Construction Conversion	
Renovation	Yes or No	This does not need to be selected on the Borrower Summary and is only checked in the Lending Portal when the borrower is purchasing an existing structure. Not needed for Construction or Construction-Permanent transactions.
Date Lot Acquired	Date borrower acquired or will acquire ownership of the lot	Date Lot Acquired no longer impacts TRID Loan Purpose Logic, described later in this guide in the Loan Purpose section
Initial Construction Close Date	Estimated closing date or the initial construction date if known.	
Present Lot Value	Estimated or appraised value of the lot	
Cost of Improvements/Construction Costs	Enter construction costs, include any escrow holdback	Amounts entered here flow to Lending Portal > Property > Construction/Improvements Costs, and also populate as a Disbursement labeled "Construction Costs" in the Closing Disclosure > Payoffs and Payments tab.
Application Date	Application Date	Entering the application date on the borrower summary does not trigger TRID compliance alerts.

		Having all 6 pieces of information automatically populates the application date based on your admin settings.

Uniform Residential Loan Application

Lending Portal > Loan Details

Field	Completed As	Notes
Sales Price	Enter the Sale Price of the property for transactions with a seller. This is the sales price for the lot.	The amount entered here flows to Loan Estimate > Loan Estimate tab > Purchase Price and Borrower Summary > Loan Information >Sales Price.
Appraised Value	Appraised as completed value of the home and land	When an Appraised Value is entered here, this value writes back to the Appraised Value fields on the Borrower Summary and Loan Estimate screens and will take precedence over any previously entered Estimated Value.
Estimated Value	Estimated as completed value of the home and land	When an Estimated Value is entered here, this value writes back to the Appraised Value fields on the Borrower Summary and Loan Estimate screens.
Note Rate	**Construction-only:** Enter the rate for the construction phase **Construction-Permanent**: Enter the rate for the permanent phase	Currently the internal Fusion MortgagebotLOS payment streams use the rate entered here for both the construction and permanent phases, but separate rates, if entered are still sent to document providers. See Change Request 237897.
Amortization Term	**Construction-only:** Enter the number of months of the construction loan **Construction-permanent:** Enter the number of months of the permanent phase only	This populates from the Borrower Summary Screen, or can be entered here Construction-permanent only: • Example 1: If your loan has a 12-month construction phase and a 30-year permanent phase, enter 360.

		• Example 2: If your loan has a 12-month construction phase and a 39-year permanent phase, enter 348.
Amortization Type	**Construction-only:** Always fixed **Construction-permanent:** Select Fixed or ARM - applies only to the permanent phase	
Loan Purpose	**Construction-only:** For the construction-only phase of a two-closing process, select Construction **Construction-Permanent**: For a single-closing transaction that includes both the construction and permanent phases, select Construction-Permanent	
Refinance Type	Select the appropriate refinance type based on GSE requirements.	
Balloon Term	**Construction-only:** Enter the number of months to the final balloon payment (this should be the same as the construction term). **Construction-Permanent**: This can be left blank	
Interest Only Term	**Construction-only:** Enter the number of months of interest only payments (this should be the one less than the construction term). **Construction-Permanent**: Enter only the number of months of interest-only payments that occur at the beginning of the permanent phase. If interest-only payments occur only during the construction phase, then this must be left blank	
Other New Mortgage Details	Enter the secondary financing that exists in addition to the subject loan, if any.	

Field	Completed As	Notes
ARM Details	**Construction-only:** NA – Only fixed rate construction phase is supported. **Construction-permanent:** This section applies only to the permanent phase.	·

Lending Portal > Property

Field	Completed As	Notes
Construction Method	**Drop-down options:** • Manufactured Home • Site Built • MH Advantage	
Renovation	Select if the subject loan is for a Renovation	This does not need to be selected on the Borrower Summary and is only checked in the Lending Portal when the borrower is purchasing an existing structure. Not needed for Construction or Construction-Permanent transactions.
Construction-Conversion Type	**Construction-only:** Select Single-Closing or Two-Closing depending on whether you plan to extend permanent financing after the construction phase. **Construction-permanent:** Single-Closing	When either is selected the Construction-Conversion/Construction-to-Permanent checkbox on the Lender Loan Information form of the redesigned URLA prints as checked.
Construction/Improvements Costs	Enter the cost of construction.	This will populate from the Borrower Summary or can be entered here. Amounts entered here populate as a Disbursement labeled "Construction Costs" in the Closing Disclosure > Payoffs and Payments tab. Updates made in Payoffs and Payments do not flow back to the Property screen. This works as designed and allows you to edit and separately disclose an Escrow Holdback and Construction Costs. If the total

		construction related costs entered in Payoffs and Payments do not match what was last entered on the Property screen, then an additional manual update is required for the correct amounts to print on the URLA forms.
Lot Acquisition	**Drop-down options:** • Lot Owned • Lot and construction on separate contracts • Lot and construction on same contract.	This selection impacts how Lending Portal > Loan Details > Sales Price and Lending Portal > Property > Construction/Improvements Costs are displayed on the Lending Portal > Cost Summary/Qualifying the Borrower breakdown. When Lot Owned is selected, then Construction/Improvements Costs are disclosed on Line A. Sales Contract Price. (A Sale Price would not be entered when the lot is already owned.) When Lot and construction on separate contracts is selected, then Sales Price is disclosed on Line A. Sales Contract Price and Construction/Improvements Costs are disclosed on Line C. Land (if acquired separately). When Lot and construction on same contract is selected, then the sum of Sales Price and Construction/Improvements Costs is disclosed on Line A. Sales Contract Price. This field is also used as an indicator of whether the loan proceeds will be used to purchase the lot, impacting URLA Loan Purpose and TRID Loan Purpose logic, described in more detail in those sections below.
Acquired Date	Date the lot was acquired	
Original Cost	Enter the original cost of the lot.	This value prints on the Lender Loan Information form in Section L1. Property and Loan Information
Present Value of Lot	Enter the present value of the lot.	

Lending Portal > Property > Expenses/Mortgages

Field	Completed As	Notes
Proposed Monthly Expenses	Enter the proposed monthly expenses for the subject property per investor requirements	Investor requirements may require that proposed expenses are based on as completed value of the home and land
Current Monthly Expenses (If not included in mortgage payment).	Enter current monthly expenses for the lot, if owned by borrower.	This field is only available if lot acquisition on Property Details is Lot Owned. If the lot is being purchased, this section is hidden.
Existing Mortgages	Complete if the borrower has a current lien on the lot.	This field is only available if lot acquisition on Property Details is Lot Owned. If the lot is being purchased, this section is hidden.

Lending Portal > Cost Summary

Field	Completed As	Notes
A. Sales Contract Price	Not editable.	This populates with the value from Property > Construction/Improvement Costs when Property > Lot Acquisition is Lot Owned, or Lot acquired on separate contract. If Property > Lot Acquisition is Lot and construction on same contract, then the sum of Loan Details > Sales Price and Property > Construction/Improvement Costs populates in this field.
B. Improvements, Renovations, Repairs	Not editable.	Should be $0.00 for construction or construction-permanent transactions.
C. Land (if acquired separately)	Not editable.	This populates with Loan Details > Sales Price when Property > Lot Acquisition is Lot and construction on separate contract.
D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in Transaction	Not editable.	This populates with the value of any existing mortgages on the lot entered at the Property > Expenses/Mortgages > Existing

		Mortgages when the To be paid off checkbox is checked.
E. Credit Card and Other Debts Paid Off	Not editable.	This populates with any liabilities that are marked to be paid at closing.
F. Borrower Closing Costs (including Prepaid and Initial Escrow Payments)	This is an editable field based on user rights.	This populates from the Closing Costs and Prepaid from the Loan Estimate/Closing Disclosure.
G. Discount Points	This is an editable field based on user rights.	This populates from the Discount Points on the Loan Estimate/Closing Disclosure.

Construction Screen

User Rights

The Construction screen is accessible with the applicable user rights by Originator or Lender users prior to and after the final of a loan. The user right is located under User Rights > Loan > Construction.

Loan Term Information

The Construction screen is divided into seven different sections. The Loan Term Information section is **required** to be completed to prepare disclosures. All fields are manually entered by users.

Field	Completed As	Notes
Construction Loan Number	Fusion MortgagebotLOS loan number or can be a Construction Loan Number/Identifier	
Construction Start Date	Start date of the construction	
Construction Maturity Date	**Construction-only:** Due date of the final balloon payment in the construction phase **Construction-permanent:** Due date of the final interest-only payment one month prior to the first payment date of the projected permanent financing	
First Interest Payment Date	**Construction-only:** This should match Closing Docs > Important Dates > First Payment Date, or if none exists, then Loan Estimate > Estimated First Payment Date **Construction-permanent:** Date of the first interest-only payment	For the document providers, this date reflects on the Note Addendum and is also used to differentiate the interest only payment stream from the permanent financing payment stream

Construction Interest Rate	Interest rate during the construction phase **Construction-only:** This should match Lending Portal > Loan Details > Note Rate. **Construction-permanent:** This must be the same or higher than Lending Portal > Loan Details > Note Rate (see Notes).	**Construction-permanent:** MortgagebotLOS does not support a Construction Interest Rate that is lower than the permanent phase interest rate. RFC 00486737 tracks an enhancement to update disclosures to support this option. MortgagebotLOS does not support a different Construction Interest Rate when the permanent phase is an ARM. RFC 00484426 tracks an enhancement to support this option.
Construction Term	Term of the construction phase	
Construction Loan Type	Always Fixed	
Construction Contract Date	Date of the construction contract, or if a contract is not available, users may enter the application date	
Construction Contract Amount	Amounts entered here should be consistent with selection made in Lending Portal > Property > Lot Acquisition	
Modification Date	Date of conversion from construction to permanent financing	

Additional Construction Information Screen Sections

Section	Fields	Notes
Construction/Construction-Permanent Only	All fields will populate based on the information, dates and figures entered on the Borrower Summary Screen	Construction Type and Date Lot Acquired fields are editable unless previously completed on the Borrower Summary Screen
Draw Information	Date and Amount of Initial Advance	Manually entered by users
Fee and Inspection Information	• Admin fee, if applicable • Inspection Fee, if applicable • Number of Inspections is the number of construction inspections • Subsequent Draws is the amount of funds drawn following the initial draw • Lot/Costs Payoff Amount is the amount of funds need to pay off the lot amount	Manually entered by users

	and any additional costs outside of the construction loan • Escrows Are Required Indicator • Completion number of months is the number of months needed to complete construction	
Lock Information	• Note Modification Basis Points • Extension Fee % • Late Charge % (percent) • Late Charge (dollar amount) • Capped Rate Expiration • Rate Adjustment • Capped Rate • Base Rate • Lock Period	Manually entered by users
Contractor and Guarantor Information	Contractor Company drop-down list options will populate from predefined Contractors setup in Admin. *Tip:* The fields Contractor Company, Contractor Signature and Personal Guarantors Information (First Name, Last Name, and Title) will pass to the appropriate document provider.	With the applicable user rights, users will have the ability to add additional Contractor options by clicking the Edit button.
	Contractor Signatures	Enter up to four contractor signatures.
	Personal Guarantors	Enter up to four personal guarantors when the construction loan borrower is a business.
	Authorization Draw	Enter up to two people who are authorized to make draws from the construction account.
Escrow Information	The Office drop-down list populates from predefined Escrows setup in Admin.	Manually entered by users.
	Enter Person, Phone Number, Loan Officer and Title.	The Loan Officer is automatically populated based on the Originator assigned to the loan, however, can be edited.
	• Verify property address on ALTA Policy. • Issue Endorsements CLTA No. 100 & 116 & Plat Map. • Issue Endorsements No. 101	*Tip:* These options are not required and are only to be checked if applicable to the loan file.

Tip: After clicking Save/Close, if any of the required (*) fields have not been completed, a pop-up window will display with a list of fields that need to be entered. It will also ask the user, Do you want to continue anyway? Users can select the OK button to proceed or Cancel to continue completing the screen.

Loan Estimate Screens

Loan Estimate Tab

Estimated First Payment Date

Construction-Only:

The Estimated First Payment Date defaults based on the Estimated Closing Date. Enter the estimated first payment during the Construction phase.

Construction-Permanent:

The Estimated First Payment Date defaults based on the Estimated Closing Date and will need to be manually updated. Enter the first principal and interest payment date of the permanent financing.

Fees Tab

Inspection and Handling Fees

Note: Detailed Information including Admin configuration for these fees can be found in the Fusion MortgagebotLOS Standard Release Version 18.3 located on the Customer Center > Support Center > Fusion Solutions > Mortgagebot > MortgagebotLOS > Product Documentation > MortgagebotLOS Release Notes.

Additionally, there is a Webcast available that is also located on the Support Center in the MortgagebotLOS Webcast Presentations section titled "TRID 2 Inspection & Handling Fees".

Collected at or Before Closing:

When inspection and handling fees are collected before or at closing, the total of such fees are disclosed in the Loan Costs table. These fees can appear in the Origination Charges, Services You Cannot Shop For, or Services You Can Shop For sections of the LE.

For inspection and handling fees collected at or before closing, if there is only one inspection and handling fee in the Origination Charges, Services You Cannot Shop For, or Services You Can Shop For section, then the description for that fee is displayed. If any of these sections has more than one inspection and handling fee, those individual fees are summed and the result is rounded and displayed in that section under the heading "Inspection and Handling Fees".

The I&H Fee checkbox must be selected for inspection and handling fees collected at or before closing to be identified, and summed when required.

Collected After Closing:

TRID 2 requires the total construction inspection and handling fees collected after closing to be disclosed, but in a different manner. Inspection and handling fees collected after closing are disclosed in a separate addendum to the Loan Estimate under the heading Inspection and Handling Fees Collected After Closing.

Loan Estimate Addendum

Loan Costs

Inspection and Handling Fees Collected After Closing

Inspection and Handling Fees $200

Inspection and handling fees collected after closing are not treated as loan costs and are not included in the Calculated Cash to Close table. For this reason, inspection and handling fees collected after closing are entered in a separate section of the Fees screen titled Fees Collected After Closing.

Closing Disclosure Screens

Important Dates

Construction-Only:

The First Payment Date will default based on the Estimated Closing Date. Enter the estimated first payment during the Construction phase. The Maturity Date field will default based on the term entered and the first payment date.

Construction-Permanent:

The First Payment Date will calculate based on the Closing (Note) Date entered. It will need to be changed to the first payment date of the permanent financing. The Maturity Date field will default based on the term entered and the first payment date.

Closing Disclosure > Borrower tab

- The Sales Price of the land is displayed in the Sales Price of Property field, if applicable.
- Payoffs and Payments displays the amount entered in Lending Portal > Property > Construction/Improvement Costs in addition to any other amounts entered on the Payoffs and Payments tab.

Closing Disclosure > Payoffs and Payments tab

- Amounts entered in Lending Portal > Property > Construction/Improvement Costs populate as a Disbursement labeled "Construction Costs." If edited, the revised amounts on the Closing Disclosure screen, do not write back to Lending Portal > Property > Construction/Improvement Costs. This is by design and allows you to choose to separately itemize Construction Costs from and Escrow Holdback on the disclosures.

Content of Fusion MortgagebotLOS Print URLA

URLA Loan Purpose

The following chart provides the logic for URLA Loan Purpose for Construction or Construction-Permanent transactions.

Business Description	Scenario	Loan Purpose on URLA
Construction-permanent transaction where Borrower is purchasing land with loan proceeds	Lending Portal > Loan Details > Loan Purpose is Construction-Permanent - AND - Lending Portal > Property > Lot Acquisition is Lot and Construction on separate contract **OR** Lot and Construction on same contract.	Purchase
Construction-permanent transaction where Borrower is refinancing land into construction loan	Lending Portal > Loan Details > Loan Purpose is Construction-Permanent - AND - Lending Portal > Property > Lot Acquisition is Lot Owned	Refinance
Any construction-only transaction	Lending Portal > Loan Details > Loan Purpose is Construction	Other with a description of "Construction"

Content of Fusion MortgagebotLOS TRID Disclosures

General Information Header

Sale Price or Appraised Value or Estimated Value

For transactions without a seller, **"Sales Price"** is disclosed, and is the value entered at Lending Portal > Loan Details > Sales Price, which should be the value for the lot.

For transactions without a seller, "**Est. Prop. Value**" or "**Appraised Value**" is disclosed based upon entries in the system. (*Note:* When disclosing an appraised value or an estimated value for a Construction or Construction-Permanent loan without a seller, TRID provides a lender an option to disclose a value that includes the estimated value of improvements to be made on the property, or does not include the estimated value of the improvements.)

Loan Term

Construction-only: The loan term disclosed is the length of the construction phase.

Construction-permanent: The loan term disclosed is the combined length of both the construction and permanent phases.

TRID Loan Purpose

The following chart provides the logic for how the Loan Estimate and Closing Disclosure discloses the TRID Loan Purpose for Construction or Construction-Permanent transactions.

Business Description	Scenario	Loan Purpose on LE
Borrower is purchasing land with loan proceeds	Lending Portal > Loan Details > Loan Purpose is Construction or Construction-Permanent - AND – Lending Portal > Property > Lot Acquisition is Lot and Construction on separate contract **OR** Lot and Construction on same contract.	Purchase

Borrower is refinancing land into construction loan	Lending Portal > Loan Details > Loan Purpose is Construction or Construction-Permanent
	  - AND –
	Lending Portal > Property > Lot Acquisition is Lot Owned
	  - AND DOES HAVE A -
	Lending Portal > Property > Expenses/Mortgages where "Paid at Closing From Loan Proceeds" is checked.
		Refinance

Borrower is financing only construction (Borrower owns land free and clear)	Lending Portal > Loan Details > Loan Purpose is Construction or Construction-Permanent
	  - AND –
	If Lending Portal > Property > Lot Acquisition is Lot Owned
	  - AND DOES NOT HAVE A -
	Lending Portal > Property > Expenses/Mortgages where "Paid at Closing From Loan Proceeds" is checked.
		Construction

Product

Construction-only: The TRID Product disclosure first discloses the Interest Only loan feature, which will be one month less than the term entered at Lending Portal > Loan Details > Amortization Term and Construction > Construction Term because the last periodic payment is a balloon payment of principal and interest, and the regulation requires the number of interest only payments be disclosed. The second part of the Product disclosure always discloses as Fixed Rate, because MortgagebotLOS currently only supports a fixed rate construction period.

The following is an example of a 12-month Construction loan:

LOAN TERM	1 year
PURPOSE	Purchase
PRODUCT	11 mo. Interest Only, Fixed Rate
LOAN TYPE	☒ Conventional ☐ FHA ☐ VA ☐

Construction-permanent: The TRID product disclosure varies based on several factors, including whether the permanent phase has interest only payments, whether the permanent phase is fixed or and ARM, and whether the rate is the same or different between the construction phase and permanent phase.

The TRID Product disclosure first discloses the Interest Only loan feature. This will typically be the same number of months as the term entered at Construction > Construction Term because, unlike construction-only, this is the number of interest only payments be disclosed. However, if the permanent phase also has interest only payments, then these payments are added to those during the construction phase to disclose the total number of interest only payments.

The following is an example of a loan with a 12-month construction phase and a fixed rate permanent phase that begins with 12 months of interest only payments:

LOAN TERM	31 years
PURPOSE	Purchase
PRODUCT	2 Year Interest Only, Fixed Rate
LOAN TYPE	☒ Conventional ☐ FHA ☐ VA ☐

The second part of the Product disclosure discloses Fixed Rate when the Lending Portal > Loan Details > Amortization Type = Fixed and the rate during the construction phase and the permanent phase is the same. The screenshot above provides and example of this disclosure.

If Lending Portal > Loan Details > Amortization Type = Fixed but the rate during the construction phase is higher than the rate during the permanent phase, then the product is disclosed as Step Rate, and the length of the construction phase is disclosed as the introductory rate period.

Note: MortgagebotLOS does not support a Construction Interest Rate that is lower than the permanent phase interest rate. RFC 00486737 tracks an enhancement to update disclosures to support this option.

The following is an example of a loan with a 12-month construction phase that is at a higher rate than the 30-year fixed rate permanent phase:

LOAN TERM	31 years
PURPOSE	Purchase
PRODUCT	1 Year Interest Only, 1/30 Step Rate
LOAN TYPE	☒ Conventional ☐ FHA ☐ VA ☐

If Lending Portal > Loan Details > Amortization Type = Adjustable Rate, then the product is disclosed as Adjustable Rate. This disclosure is preceded by the duration of the introductory period, and the first adjustment period. Because this is a combined disclosure, the introductory period includes both the construction phase and Lending Portal > Loan Details > ARM Details > 1st Change Period.

Note: MortgagebotLOS does not support a different Construction Interest Rate when the permanent phase is an ARM. RFC 00484426 tracks an enhancement to support this option.

The following is an example of a loan with a 12-month construction phase followed by a 30-year permanent phase that has a 60-month introductory period:

LOAN TERM	31 years
PURPOSE	Purchase
PRODUCT	1 Year Interest Only, 6 / 1 Adjustable Rate
LOAN TYPE	☒ Conventional ☐ FHA ☐ VA ☐

The following is an example of a loan with a 12-month construction phase followed by a 29 year permanent phase that has a 48-month introductory period:

LOAN TERM	30 years
PURPOSE	Purchase
PRODUCT	1 Year Interest Only, 5 / 1 Adjustable Rate
LOAN TYPE	☒ Conventional ☐ FHA ☐ VA ☐ _____

Note Regarding APOR for Construction-Permanent ARM Loans

The APOR obtained by MortgagebotLOS is based on number of years until first adjustment in the permanent financing phase and is therefore determined by the months entered in the 1st Change Period of Loan Details and is not impacted by the Product disclosure adjustments that are required for a single-close construction-permanent transaction disclosed with a single LE and CD.

Loan Terms

Interest Rate

The interest rate during construction is disclosed, as entered in Construction Information > Construction Interest Rate.

Monthly Principal & Interest

The initial principal and interest payment during the construction phase is disclosed. This payment is calculated in accordance with the assumption that applies to multiple advance construction loans in Part I.A.1. of Appendix D to Regulation Z, assuming that one-half of the commitment amount is outstanding at the contract interest rate for the entire construction period.

Can this amount increase after closing?

- "YES" is always disclosed.

- Bullet 1 always discloses, "Adjusts **every mo.** starting in mo. 1"

- Bullet 2

  - Construction-Only: discloses, "Can go **as high as $[maximum possible periodic principal and interest payment]** in year 1

    - The maximum payment calculated based on the maximum principal balance that could be outstanding during the construction phase. This will generally be twice the amount of the principal & interest payment, with occasional small differences due to rounding.

  - Construction-Permanent: The disclosure is similar to the above, but the maximum payment and the timing are dependent upon whether the maximum payment occurs during the construction phase or the permanent phase.

- Bullet 3 discloses, "Includes **only interest** and **no principal** until mo. [number of interest-only payments]"

  - Construction-Only: The number of interest-only payments will be one less than the number of months in the construction term due to the final payment being in the form of a balloon payment.

- o Construction-Permanent: The number of interest-only payments will match the number of months in the construction phase. Since the loan converts to permanent financing, the final construction payment is interest-only rather than a balloon payment.

- Bullet 4 always discloses, "See **AP table on page 2** for details"

Balloon Payment

- Construction-Only: Because the construction loan is being disclosed as a separate transaction and its periodic payments do not repay the principal, the transaction is disclosed as a product with a balloon payment feature, and discloses the final payment as a balloon payment.

- Construction-Permanent: No balloon payment is disclosed for a single-close construction-permanent transaction.

Construction-Only Example

The following example shows the fields described above for a 12-month construction-only transaction.

- Calculation Note: In the screenshot below Monthly Principal and Interest is calculated as follows: 200,000 / 2 = 100,000 x 4% = 4,000 / 12 = 333.33

Loan Terms		Can this amount increase after closing?
Loan Amount	$200,000	NO
Interest Rate	4%	NO
Monthly Principal & Interest *See Projected Payments below for your Estimated Total Monthly Payment*	$333.33	YES • Adjusts **every mo.** starting in mo. 1 • Can go **as high as $667** in year 1 • Includes **only interest** and **no principal** until mo. 11 • See **AP table on page 2** for details
Prepayment Penalty		Does the loan have these features? NO
Balloon Payment		YES • You will have to pay **$200,333** at the end of year 1

Construction-Permanent Example

The following example shows the fields described above for single-close construction-permanent transaction involving a 12-month construction phase and a fixed rate 30-year permanent phase.

- **Calculation Note:** In the screenshot below Monthly Principal and Interest is calculated as follows: 140,000 / 2 = 70,000.00 x 4.75% = 3,325.00 / 12 = 277.08

- **Disclosure Note:** In this example the maximum payment is the first principal and interest payment in the permanent phase.

Loan Terms		Can this amount increase after closing?
Loan Amount	$140,000	**NO**
Interest Rate	4.75%	**NO**
Monthly Principal & Interest *See Projected Payments below for your Estimated Total Monthly Payment*	$277.08	**YES** • Adjusts **every mo.** starting in mo. 1 • Goes **as high as $730** in year 2 • Includes **only interest** and **no principal** until mo. 12 • See **AP table on page 2** for details
		Does the loan have these features?
Prepayment Penalty		**NO**
Balloon Payment		**NO**

Adjustable Payment (AP) Table

Interest Only Payments

For both construction-only and construction-permanent this will always disclose "YES" and the number of interest-only payments.

- Construction-Only: The number of interest-only payments will be one less than the number of months in the construction term due to the final payment being in the form of a balloon payment.

- Construction-Permanent: The number of interest-only payments will match the number of months in the construction phase. Since the loan converts to permanent financing, the final construction payment is interest-only rather than a balloon payment.

First Change / Amount

For both construction-only and construction-permanent this will always disclose "1st Payment."

Subsequent Changes

For both construction-only and construction-permanent this will always disclose "Every Payment."

Maximum Payment

- Construction-Only: The maximum payment is calculated based on the maximum principal balance that could be outstanding during the construction loan, and the timing will always be "1st Payment."

- Construction-Permanent: The maximum payment and the timing are dependent upon whether the maximum payment occurs during the construction phase or the permanent phase.

Construction-Only Example

The following example shows the fields described above for a 12-month construction-only transaction.

Adjustable Payment (AP) Table		
Interest Only Payments?	YES	for your first 11 payments
Optional Payments?	NO	
Step Payments?	NO	
Seasonal Payments?	NO	
Monthly Principal and Interest Payments		
First Change/Amount		1st payment
Subsequent Changes		Every payment
Maximum Payment		$667 as early as 1st payment

Construction-Permanent Example

The following example shows the fields described above for single-close construction-permanent transaction involving a 12-month construction phase and a fixed rate 30-year permanent phase.

- **Disclosure Note:** In this example the maximum payment is the first principal and interest payment in the permanent phase.

Adjustable Payment (AP) Table		
Interest Only Payments?	YES	for your first 12 payments
Optional Payments?	NO	
Step Payments?	NO	
Seasonal Payments?	NO	
Monthly Principal and Interest Payments		
First Change/Amount		1st payment
Subsequent Changes		Every payment
Maximum Payment		$730 as early as 13th payment

Adjustable Interest Rate (AIR) Table

Construction-Only: The Adjustable Interest Rate (AIR) Table is not included for construction-only transactions, because only a fixed rate construction phase is currently supported.

Construction-Permanent: The AIR Table is disclosed as would be expected for a construction-permanent transaction where the rate type for the permanent phase is an ARM. Additionally, the AIR Table is disclosed for a construction-permanent transaction where the rate type for the permanent phase is fixed, but only if the rate during the initial construction phase is less than the rate during the permanent phase. If the interest rate during the construction phase is the same or higher, the AIR table is excluded from the disclosure.

Finastra Support

Finastra support offers several options to help you get the most out of your software, including a self-service Case Management tool, and phone support.

Please visit the Finastra Customer Center at https://customercenter.dh.com/ to log in to our online self-service Case Management system. If you forgot your password, simply click the Forgot Password link. Once logged in to Customer Center, you have the ability to use the Knowledge Center to troubleshoot issues and answer questions.

If your financial institution is not currently using these tools and would like to, please contact Finastra support for assistance.

Note: The Financial Modernization Act of 1999, also known as the Gramm-Leach-Bliley Act or GLB Act, includes provisions to protect consumers' personal financial information held by financial institutions. Therefore, Finastra support cannot accept data or screen captures that contain personal financial information via email or fax. For information about secure file transfer methods, contact Finastra support.

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About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at finastra.com.

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