

A Division of Mid America Mortgage

**Seller Guide**

Mid America Mortgage 1st Tribal Lending will follow the underwriting guidelines below:

Mid America Mortgage 1st Tribal Lending will specifically rely on the current underwriting and processing guidelines as published in the HUD “Section 184 Indian Housing Loan Guarantee Program Processing Guidelines” for HUD Section 184 Loans.

Mid America Mortgage 1st Tribal Lending requires that loan files be processed according to the HUD processing guidelines. If the Correspondent’s delegated underwriter desires to make an exception to those guidelines, it is recommended that they review the loan with 1st Tribal’s underwriting manager to ensure that 1st Tribal concurs with the exception. Otherwise, 1st Tribal may decline to purchase the loan.

**SECTION 184 GUIDELINES**

1. Tribe as Borrower loans – The CLD client must obtain an approval to borrow letter from ONAP prior to proceeding with the loan. It is recommended that the loans be sent to 1st Tribal for underwriting unless the client has previous experience underwriting these types of loans.
2. Unusual and Unique properties – ONAP will review appraisals on a case by case basis. CLD clients are encouraged to have these types of properties reviewed by HUD as ONAP will sometimes accept properties that might not fit into other mortgage programs. Significant concerns with the appraisal. Here are some examples:
	* 1. Unique properties, i.e. log homes without similar comparable sales; land-to-value ratio over 50% or when there is over 10 acres of land and it is not common for the area
		2. Unusual property modifications or conditions (e.g. nearby oil wells, multiple land parcels or outbuildings factored into appraised value)
		3. Significant modifications to manufactured housing
3. Pre-closing underwriting guidance and scenario review may be obtained by emailed questions with relevant documentation attached to underwriter.scenarios@1tribal.com

**LOCKING**

1. Locks need to be submitted online on the Mortgage Machine system.
2. Fee simple locks will be accepted automatically.
3. Tribal Trust locks are subject to review and acceptance by the 1st Tribal lock desk.
4. 1st Tribal currently only offers “Best Efforts” pricing. If “Mandatory Delivery” pricing becomes available in the future, 1st Tribal will issue guidelines and pair-off fee pricing.
5. The “Pair-off” fee under Section 2.2b of the Master Broker/Correspondent Agreement shall be 1% of the locked loan amount.
6. Lock extensions are available through Mortgage Machine. Locks must be extended prior to expiration. **Expired locks will be subject to worst case pricing.**

**MARKETING FEES**

 Section 2.2e of the Master Broker/Correspondent Agreement provides that Mid America, at its discretion, may purchase closed loans from the Customer that do not match the Firm Commitment or Lock. If Mid America determines that the loan can still be sold or securitized, and Mid America desires to purchase the loan; Mid America will propose a Marketing Fee to the Customer that will be assessed if the Customer choses to sell the loan to Mid America.

**Correspondent Delivery Requirements**

 When a correspondent loan is ready to be submitted for purchase review the following steps need to happen in order to have a timely review of the loan.

1. The closed loan package will need to be uploaded into Mortgage Machine under the heading “Closing – 1st Tribal Correspondent Closing Docs for closed loan purchase” (If 1st Tribal underwrites your loans, the only documents that need to be uploaded are all signed closing documents, all conditions, LG Fee proof of payment, MERS registration, etc. If 1st Tribal does not underwrite your loans, the entire loan from start to finish needs to be uploaded. The credit package should be uploaded under “Closing – 1st Tribal Correspondent Credit Package for closed loan purchase” and the closing package to “Closing – 1st Tribal Correspondent Closing Docs for closed loan purchase”
2. Once the file is uploaded an email will need to be sent to eric.sewell@1tribal.com and marcos.fernandez@1tribal.com letting us know the file is there for review. This step is very important as we do not receive notifications letting us know something is uploaded, so this is the only way we know a file is ready for purchase review. The files are put in line for review the day we receive the email notification from the correspondent client.
3. Closed loans submitted for purchase for must be uploaded for purchase at least 3 days prior to the lock expiration date or lock extension fees may apply.

Single Close and Rehabilitation Loan Procedures

 1st Tribal will purchase single close 184 construction loans. These loans are available for new construction, mobile/modular construction, rehabilitation and remodeling. Please contact Eric Sewell, Construction Administrator, at 510-856-2183 prior to processing one of these loans. Special requirements in approving the project and the builder apply and special procedures for closing these loans are also necessary. Optionally, Correspondent clients may choose to selectively broker these loans to 1st Tribal.

The following outlines our Single Close and Rehabilitation Loan Procedures. 1st Tribal Lending contacts for Builder approval, Construction documents approval and general guideline questions are below:

Eric Sewell: (510)856-2183 eric.sewell@1tribal.com

Marcos Fernandez: (510)296-6115 marcos.fernandez@1tribal.com

***These steps must be completed PRIOR TO UNDERWRITING SUBMISSION. If a loan is submitted to underwriting without the builder approval or construction document approval the loan will be rejected for underwriting.***

1. When a loan is a Single Close or Rehabilitation loan with over $25,000 worth of repairs in one bid (not required for manufactured home dealers only providing the base unit with no site construction), you must contact Eric Sewell or Marcos Fernandez to determine the Builder approval status. If they are already a 1st Tribal Lending approved builder, proceed to PHASE II.

PHASE I

1. A Builder approval application package must be submitted to Eric and Marcos
2. Completed Application
3. Personal Credit Report for anyone who owns more than 25% of the company OR provide a business credit report
4. Current bank statement or VOD for each account listed on the application
5. Insurance Policies
6. Properly completed application packages will be reviewed within 2 days. Eric or Marcos will inform you once the builder has been approved and they will upload into Mortgage Machine the application package and make notes in the loan that the Builder is approved.

PHASE II

1. Once the Builder has been approved, the construction documents need to be approved by Eric or Marcos. The construction document package must include:
	* + - * An executed construction contract / bids with plans and specs
				* Excel Construction Line Item Worksheet and Draw Schedule – completed by Builder and required on both stick built and manufactured homes, all construction types (Builders can contact Eric or Marcos if assistance is needed)
				* Engineers Report and drawings for foundation – required on manufactured homes, Fee Simple
				* Signed construction forms (packets listed below)

We have created checklists and document packets with the required construction forms that need signatures. Chose the checklist according to your file type:

• Single Close Stick Built or Modular Home

• Single Close Manufactured Home

• Rehabilitation Loan

Included in the document packets are:

* + - * + 1st Tribal Mid America Single Close Acknowledgement – signed by Builder/Borrower and required on all construction types
				+ Borrower Contractor Agreement
				+ Builders Certification of Plans and Specs (HUD form 92541)
				+ W9 – One Completed for each Borrower and One completed by the Builder(s)
				+ Dealership Acknowledgement – signed by Dealer and required on manufactured and modular homes
				+ Construction Loan Agreement – signed by Borrowers
				+ Termite form 99A Builder Guarantee – required in termite areas
1. Complete the MCAW and Maximum Mortgage Worksheet for Single Close and Rehabilitation Loans and include with your construction documents. The worksheet will help determine how much contingency, financed inspections, mortgage payments, etc. Some things to keep in mind:
2. Pre-treat for Termites in the required states must be budgeted for
3. Cost for inspections are different in different areas or the Tribe may complete at no cost to the Borrower (provide letter from Tribe stating this).
4. Depending on your appraised value, you may not be able to finance mortgage payments, some or all of the contingency, etc.
5. Submit the construction package to Eric and Marcos. They will inform the LO and processor when the construction documents have been approved and will upload into Mortgage Machine with notes to the underwriter that the construction has been approved. You may submit your loan to underwriting at this time.

PHASE III

1. Once the loan has closed/funded the total construction amount (total of all bids, 10% contingency, inspection fees and financed mortgage payments (if any) are deposited into an interest bearing construction account. The builder is then told they are approved to start work on the project. The Section 184 program is a draw schedule based construction process and the steps for payments are below.
	* + - * Once the work on draw #1 is completed, the builder contacts 1st Tribal to order an inspection from a 3rd party HUD Fee Inspector. If there are not any HUD inspectors in the general area, we then go to the original appraiser to inspect the work
				* Payments are made to builders only on line items verified as 100% complete by an inspector with photos to go along with their sign offs on the items
				* Every draw has a 10% holdback to be released with the final draw upon final completion of the project
				* Payments to builders are made via check or wire. These requests are sent to corporate accounting to process and they are processed within 48 hours from the time the request is sent over to accounting
				* This process is repeated until the final draw is requested. When the final draw is requested. We have to order the final inspection from the appraiser.
2. After all draws have been processed, it is now time to close out the construction escrow accounts and receive the final completion documents from the builder and borrowers. Below are the completion documents required by the lender.
	* + - * HUD-50110 – Section 184 Warranty of Completion of Construction Form (signed by builder and borrowers)
				* Mortgagor’s Letter of Completion (signed by borrower)
3. If the project is 95% completed and there are left over funds in the account, the borrowers have a few options to use these funds.
	* + - * The borrower is allowed to use the funds for additional HUD approved upgrades to the home. Bids will need to be provided to and approved by 1st Tribal before the additional work is started
				* The borrower can also apply the remaining funds to the principal balance of their mortgage
				* If the borrower brought the contingency funds into closing as cash, they are allowed to receive back the funds as cash in hand. If the funds were financed, they can only be used for upgrades or applied to the principal balance of their mortgage.

Please Note: All builders with bid totals over $25K will need to be approved by 1st Tribal Lending. Please refer to Section 184 Chapter 7 Guidelines for the builder requirements. Once all of the documentation is verified, please send the entire package to Eric Sewell @ eric.sewell@1tribal.com for final approval.

**Construction Fee**

1st Tribal charges a single close construction or rehab fee when we purchase the loans. This should be added to your origination charge. The fee is 1% of the construction amount (cost to construct + inspections + contingency) with a minimum charge of $750. If your construction amount is more than the loan amount, then the fee would be 1% of the **total** loan amount (base loan amount + Loan Guarantee Fee).