



One-Time Close New Construction Financing

Main Street Builder's preferred lender, Advisor's Mortgage, utilizes a convenient, streamlined and low cost one-time close procedure to finance the construction or remodel of residential properties.

Summary:

Previously, the builder or buyer would obtain a construction loan to fund the acquisition of the land and construction of the home. A series of closing costs would be incurred to facilitate the financing. When the home was completed, end financing would be placed on the house and another set of closing costs would be incurred. This method of financing the home's construction doubled the financing and closing expenses, the cost of which was paid by the buyer.

The one-time close method of financing avoids the duplication of closing costs.

The end mortgage is closed prior to the start of construction, but it starts out as a construction loan. This loan is closed up-front and funds the lot purchase and the monthly draws for construction. Interest on the loan is paid on the amount currently drawn, not the full amount of the loan. When the home is complete, the construction loan is converted to permanent terms by modifying the terms of the construction loan to the terms of the permanent loan. The rate on the permanent portion will be determined when the Borrower locks in to a rate. The rate can be locked in at any time during the construction process. Extended lock-in premiums and deposits apply.

Down Payment:

Based on the Borrowers resources and price of the home a loan amount and down payment will be determined. The down payment is generally required prior to the start of construction but other arrangements may be considered depending on individual circumstances and credit criteria.

Interest Charges:

Borrowers will be billed monthly for the accrued interest on the current loan principal.

End-Mortgage rate:

The rate for the permanent piece can be locked in at anytime throughout the construction process. The rate-lock period must extend through the completion and conversion to permanent financing. Advisor's Mortgage will guide the Buyer through the lock in process.

Change Orders:

There is some variance for change orders and increases to the sales price, however it is best if the original contract contains a selection allowance or other provision for client upgrades and choices.

Up-Front close:

It is recommended that early on in the planning phase the Buyer contact us to get pre-approved. Generally this can be done over the phone in a few minutes. Prior to the anticipated start date the following are required:

- ** Purchase agreement on house and lot
- ** Specifications
- ** Blueprints
- ** Survey or plat drawing
- ** Sworn construction statement

Upon receipt of these items, Advisor's Mortgage will finalize the mortgage paperwork and process the loan. All closing will be done with the Builder's title company. At the up front close, the lot will be purchased and the Borrower will take title in their name. The down payment is deposited at this time, closing costs are paid and any initial draw for permits, etc., are also taken. The construction process begins immediately after this closing.

Draws:

Main Street Builders will submit draws on a monthly basis. The Borrower receives full disclosure and must approve all draw requests. The title company processes the draws, contacts the lender, disperses the funds and collects the lien waivers.

Final Close:

When the home is complete, the construction loan is converted to permanent financing. Final numbers, inclusive of any change orders, need to be remitted to the lender a minimum of two weeks prior. The final payout to the builder and the subcontractors is made at this time, and additional funds, if any, will be required at this point.

Darin with Advisor's Mortgage works closely with Main Street Builders to ensure a smooth and NO SURPRISE process. Main Street has been utilizing the one-time close for over 6 years now. It benefits both the Builder and the Borrower.

Respectfully,
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