

# Home Construction Loans & Home Site Financing

## Build Your Dream Home

Our financing is available for you if you own a home site and use an approved builder. We want to make it a great experience and help you save money in the process. Many lenders offer alternative construction and mortgage financing programs that sounds great on the surface, but may cost you much more in the end. First, our lender will discuss your credit qualifications, equity requirements and the entire process from beginning to end, so you will know what to expect. They will consult with you and advise you of everything you will need.

You will be qualified for the long-term mortgage at the time you apply for your construction loan, because when your construction loan is completed, it will be repaid by the new mortgage loan. Your lender will go over the best option for you during your interview.

You are eligible to borrow up to 80% of the cost of the price of your home site plus the cost of the construction of your home or 80% of the actual appraised value, whichever is less.

Depending on the size and scope of your home construction or seasonal variables that may occur because of anticipated weather conditions or market conditions, your construction loan term will be negotiated with your lender on a term of 6 to 12 months.

The interest rate of your construction loan is typically 1% above the current rate of any long-term mortgage you qualify for at the time of your application. As an example, if the 30-year mortgage you qualify for is 4.25% APR, the interest rate for your construction loan is 5.25% APR. The additional interest rate is only for the construction period. Your construction loan is set up on a "draw note", similar to a credit line. Advances are made to you to pay your builder on a scheduled basis, typically one or two times a month, after our inspection confirms the work advanced for is completed. A "draw note" is our best arrangement for you, because you only pay interest on the amounts you actually draw. Many other lenders advertise a single close loan and charge a single origination fee of up to 1.5%, however, the entire loan is drawn in many cases and placed into an escrow account and disbursed back to you in draws. You are charged interest from the closing date. There may also be a higher interest rate charged during your construction phase and many of these lenders also charge additional servicing or inspection fees of up to \$1,500. We do not charge any extra fees on your construction loan. Our servicing and inspection costs are covered by a 1% origination fee for the draw note and the interest rate. At the time your construction loan is converted to your long-term mortgage, you will pay an additional 1% origination fee along with minimal third part fees for your loan.

## Home Site Financing

If you have not bought a home site to build your home and want to in the near future, we offer options for financing developed lots and underdeveloped land up to 5 acres for you. Our Construction Loan Coordinator can help you make your decision for what is best for you and advise you while discussing your intentions for building a home on the site you select in the future and how to proceed.



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