

Lending Guidelines

Construction Mortgage-Prime Lender- Uninsured

This product is similar to the Insured Prime A Lender Construction Mortgage except that the loan amount can be greater than \$1 million and the lender pool is larger, meaning that borrowers who have bruised credit, require higher loans or have untraditional or lower-income have access to Near Prime and alternative lender options



Construction Mortgage



Progress Advances

Product Features

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|---------------------|--|
| Property Type | N/A |
| Rate | When secured by a Prime A lender, this program allows the mortgage to be automatically converted into their best fixed or variable rate at the time of construction completion |
| Alternative options | When secured by a B Lender this program allows for the use of non-traditional income sources |

Qualifications

- Interest is deducted from each advance, with monthly payments starting after the full construction mortgage amount has been advanced.
- Mortgage advances are on a cost to complete basis, with an appraiser determining the completed amount on a per request basis.
- An appraisal report is usually required for a mortgage advance, giving the following information:
 - The current land value
 - The “as if complete” value
 - Progress of construction as a percentage
- The typical land loan is 75% of the land value and 75% to 80% of the construction cost.
- Near Prime lenders don’t like their loan to exceed 65% of the final completed value, whereas alternative lenders can be comfortable with 75% to 80% of the “as if complete” value of the property.

