

LENDING FOR

Construction

Put our expertise to work and let us help you choose among our flexible and money-saving construction loan options.

You'll enjoy many advantages when choosing FirstMerit for a construction mortgage loan:

- Up to 100% financing
- Low one-time closing cost
- Competitive pricing
- Local servicing
- Bridge and split loan options can eliminate mortgage insurance requirement



Down Payment Formula

$$\text{Lot Value} + \text{Cost to Build} = \text{Total Acquisition Value}$$

Lot Value

If the lot was purchased within the past year, we'll use the purchase price of the lot as the value. If the lot has been owned for more than one year, or if it was a gift, we'll use the appraised value.

Cost to Build

This is the actual signed contract amount with the builder. The amount needs to be the cost for a home that is 100% complete.

Total Acquisition Cost

Lot equity can be used to cover the down payment and closing costs.

Application Procedure

Application Requirements

- Signed builder's contract
- Lot's purchase agreement with legal description
- Blueprints and specifications

Rate Lock Options

- Lock at application. Loan needs to close within 60 days from when rate is locked
- Floating option. Rate floats during processing period only and needs to be locked before closing the construction loan.

After Approval

- Title company closes on construction loan
- Loan needs to be closed before breaking ground
- **One-time closing process** saves time and money

After Closing

- Once loan is closed, either 9 or 12 months is allowed to complete home construction
- During construction period, only interest is paid on drawn amount
- Builder requests loan draws; appraiser is sent to confirm work completion
- Title company continues title search to ensure that no mechanic's liens are on the property.

After Home Completion

- Full principal and interest payments begin



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