

Construction Permanent - transaction includes purchase of lot

When the borrower does not own the lot and the transaction includes purchasing land and financing construction, **Lot Purchased Separately** is not marked and **Sales Price** represents the cost to purchase the land. **Construction Costs** is the cost to build the home.

Construction Term is calculated and is the number of days from **Closing Date** to **Construction End Date**.

The indicated questions are answered based on the terms of the permanent financing.

Construction End Date is the date that the construction phase interest ends and interest begins to accrue on the permanent financing. In a loan with 30/360 accrual, this date should be one period prior to the first payment. For example, when payments will be made monthly, this date is one month prior to the **First Payment Date for Permanent Financing**.

Amounts	
<input type="checkbox"/>	Renovation Loan
<input type="checkbox"/>	Lot Purchased Separately
60,000	Sales Price
220,000	Construction Costs
280,000	As Completed Appraised Value
224,000	Loan Amount
<input type="checkbox"/>	Multiple Advance
80.000	Loan To Value Ratio
5	Interest Rate
	Interest Rate for Construction (if different)
Permanent Financing Terms	
374 Days	Construction Term
<input type="checkbox"/>	Single Pay
→ 30 Years	Loan Term for Permanent Financing
→ Monthly	Payment Frequency
<input type="checkbox"/>	Interest Only
→	Number of Payments Until Balloon
1,202.48	P&I Payments
1,202.78	Final Payment
Dates	
05-22-2018	Application Date
06-22-2018	Closing Date
06-22-2018	Disbursement Date
07-01-2019	Construction End Date
07-01-2019	Interim Interest To
→ 08-01-2019	First Payment Date for Permanent Financing
07-01-2049	Maturity Date

In Collateral > Real Estate, **Purchase Money** and **New Construction** are marked.

All Input	
Focus	
↳ Loan Information	
↳ Application Information (1) Add Another	
Downpayment (None) Add Another	
↳ Collateral (1) Guaranties (None) Cosigners (None)	
↳ Real Estate (1) Add Another	
↳ 1000 New Home Road Lincoln, NE 68501 Remove	
Other Collateral (None) Add Another	
<input checked="" type="checkbox"/>	Purchase Money
1000 New Home Road	Address
Lincoln, NE 68501 - ; Lancaster	City ST Zip: County
<input checked="" type="checkbox"/>	New Construction
	Year Built
	Number of Units
<input type="checkbox"/>	Lot Purchased Separately
280,000	As Completed Appraised Value

Since the land will be purchased, the Loan Estimate and Closing Disclosure show "Purchase" as the PURPOSE and purchase price of the lot as SALE PRICE. LOAN TERM is 31 years, including both the construction phase and the term of the permanent financing. PRODUCT discloses the fact that there will be 1 year of Interest Only payments at a fixed rate of interest.

LOAN TERM 31 years
PURPOSE Purchase
PRODUCT 1 Year Interest Only, Fixed Rate

SALE PRICE \$60,000

Loan Terms	
Loan Amount	\$224,000

Adjustable Payment (AP) Table disclosures are required in a construction loan, when there are interest only payments.

In the AR table, the amount and range of the first periodic P&I payment that may change, can be left blank. However, since the drawn balance for the first payment is unlikely to be the same as the balance used to calculate the payment under appendix D, the timing of the first change is "1st payment".

Subsequent Changes is disclosed as the smallest period of adjustments that may occur.

Maximum Payment is the first payment of principal and interest, counting from the first payment under the construction phase.

Adjustable Payment (AP) Table

Interest Only Payments?	YES for your first 12 payments
Optional Payments?	NO
Step Payments?	NO
Seasonal Payments?	NO
Monthly Principal and Interest Payments	
First Change/Amount	1st payment
Subsequent Changes	Every month
Maximum Payment	\$1,202 starting at 13th payment

The standard Calculating Cash to Close table is used, because this is a first lien transaction with a seller.

J. Total Closing Costs	\$3,930
D + I	\$3,930
Lender Credits	

Calculating Cash to Close

Total Closing Costs (J)	\$3,930
Closing Costs Financed (Paid from your Loan Amount)	\$0
Down Payment/Funds from Borrower	\$56,000
Deposit	\$0
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
Estimated Cash to Close	\$59,930

In this example, the Down Payment/Funds from Borrower calculation is Sale Price (\$60,000) + Construction Costs (\$220,000) - Loan Amount (\$224,000).

The Closing Disclosure below discloses a change in (D) Total Loan Costs and the addition of a prorate of taxes from the seller to the borrower in section L.

Here the Down Payment/Funds from Borrower calculation is Sale Price of Property (\$60,000) + Construction Holdback (\$220,000) - Loan Amount (\$224,000). Construction Holdback and Construction Costs are separate entries. Construction Holdback is entered in the questions under Summaries of Transaction > Cash From Borrower > Due from Borrower > To Others.

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$3,930	\$3,900.19	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	\$0	NO
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$56,000	\$56,000.00	NO
Deposit	\$0	\$0	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	\$0	NO
Adjustments and Other Credits	\$0	-\$241.26	YES • See details in Section L
Cash to Close	\$59,930	\$59,658.93	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing	\$283,900.19	M. Due to Seller at Closing	\$60,000.00
01 Sale Price of Property	\$60,000.00	01 Sale Price of Property	\$60,000.00
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$3,900.19	03	
04 Construction Holdbacks	\$220,000.00	04	