

## Construction Permanent - transaction includes purchase of lot

When the borrower does not own the lot and the transaction includes both purchase of the land and construction financing, **Purchase Lot Separately** is not marked and **Original Cost** represents the cost to purchase the land. **Estimated Cost of Improvements** is the cost to build the home.

Since the transaction will be used to purchase the real estate, **Purchase Money** can also be answered.

2018	55. Year Built
No	56. Purchase Lot Separately
2018	57. Year Lot Acquired
60,000.00	58. Original Cost
	59. Existing Liens
	60. Equity in Lot
60,000.00	61. Present Lot Value
220,000.00	62. Estimated Cost of Improvements
280,000.00	63. Appraised Value
	64. Manner Title Held
	65. Occupancy Type
	66. Property Type
Yes	67. Purchase Money?

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.

SALE PRICE \$60,000

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

### Loan Terms

Loan Amount	\$224,000
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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
<b>Monthly Principal and Interest Payments</b>	
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.

<b>J. Total Closing Costs</b>	<b>\$3,930</b>
D + I	\$3,930
Lender Credits	

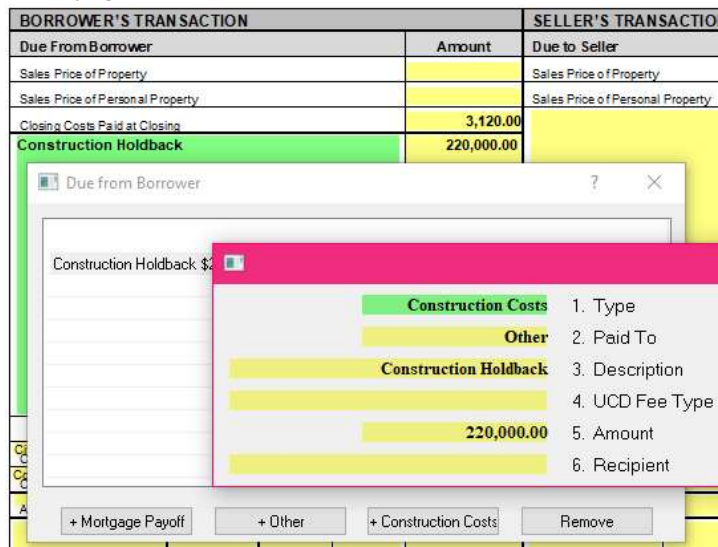
### Calculating Cash to Close

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
<b>Estimated Cash to Close</b>	<b>\$59,930</b>

In this example, the Down Payment/Funds from Borrower calculation is Sale Price (\$60,000) + Estimated Cost of Improvements (\$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.

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 Estimated Cost of Improvements are separate entries. Construction Holdback is entered on the Fee Worksheet, form 26451, page 3 under Borrower's Transaction, Due from Borrower as Construction Costs.



### 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
<b>Cash to Close</b>	<b>\$59,930</b>	<b>\$59,658.93</b>	

### Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
<b>K. Due from Borrower at Closing</b>	<b>\$283,900.19</b>	<b>M. Due to Seller at Closing</b>	<b>\$60,000.00</b>
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	