

BREAKING DOWN CONSTRUCTION LOAN

COSTS



Land Value

You may purchase the land you have under contract at closing with proceeds from the Single Close Loan, or you may have already purchased the land and have a loan to be paid off with proceeds from the Single Close Loan. Or, you may own the land free and clear.



Soft Costs

Permit fees, engineering fees, architectural fees and other costs associated with building the home, but not directly part of the actual construction costs.



Hard Costs

The tangible costs associated with the actual construction of the home. This includes materials and labor costs.



Allowances

Sums included in the construction budget for items to be selected in the future, such as flooring, cabinetry.



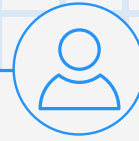
Contingency Reserve

A reserve account covers unforeseen costs or upgrades in the construction of the home. An additional 10% of the construction costs will be established in a Contingency Account for cost-plus contracts. A Contingency Account is recommended on all contracts to cover change orders or upgrades. Differences between budget allowances and actual costs are usually handled through change orders.



Total Costs

The total cost consists of all of the above.



Lot Equity

If lot is owned by Borrower prior to loan application, the loan will be considered a refinance. The Loan-to-Value will be calculated from the requested loan as a percentage of the total appraised value of the lot plus improvements. In many cases the Lot Equity will reduce or eliminate the required down payment.



For more details, visit www.northportfunding.com

