



New Home Construction Financing Process

By Gloria Allan, US Bank

You are getting ready to build your home. US Bank Home Mortgage offers you the opportunity to work with seasoned professionals, and a designated construction team for all your construction and mortgage financing.

"We cannot think of anything that could have made our experience working with Gloria Allan's Team on our new construction loan any better than it was. Gloria's team was able to things done that other lenders could not. They were creative, informative, friendly, professional, and a joy to work with through the entire process." - Jennifer and Jason, Clients

WHAT IS NEEDED FOR CONSTRUCTION FINANCING?

- Apply for a Mortgage Product
- Mortgage Information Checklist:
 - Builder's Profile and Consent for Construction Department Approval required by US Bank
 - Sworn Construction Statement
 - Description of Materials
 - Full Set of Plans and Specs
 - Fully Executed Contract
 - Executed Assignment and Consent, signed by Builder, Borrowers and Banker to provide Contractors Insurance Carrier

STEP 1: LAY THE GROUNDWORK FOR SUCCESS...

- Engage a Seasoned Team of Professionals to assure your financing success: USBank
- Finalize all numbers. All numbers must match between Builder, Borrower and Lender.
- Down-payments with US Bank are 20%; equity from land/lot previously purchased can be used for all or a portion of the 20% down.
- If previous land purchase is being used, a copy of the Settlement Statement for the Land and copy of the Warranty Deed is needed

STEP 2: GET APPROVAL TO START BUILDING...

- An appraisal is based on a completed set of plans, specifications, and the builder's contract.

- The Construction Loan is designed to cover the 12-month construction period with interest-only payments. Upon completion, the loan will modify to the balance of the 30-yr term remaining with Principal, Interest and escrows for a fixed period of 3, 5, 7 or 10-Years and adjust annually after the determined period, allowing you the benefit of locking into the interest rates at application vs the two-time close that you are subject to in the current market for a permanent loan.
- Title Work is ordered to establish clear title on the new home site before any work starts.
- The time to build a new house averages about 180 days. Discuss with your Seasoned Team the process for Draws and Final Closing.

STEP 3: TIME TO MOVE IN...

- A final inspection by the appraiser is done to determine that the house was built according to the original plans and specifications once the house is complete. Builder will supply the Certificate of Occupancy from the governing municipality and the final lien audit and record search is made.
- At this point, you're fully amortizing loan payments will now be due the first of the month following the 12-month interest only period and based on the loan type you selected.

We strive to make this as seamless as possible and have been very successful over the years in making many dreams of home ownership come true. If you have any questions please do not hesitate to contact me at 218-723-2815.

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The **Arrowhead Builders Association** advances the building industry by setting the standard for integrity, value and trust; we support, promote and enhance the building industry. For additional information, please contact us at **218.722.5707** or see **www.ABAMN.org**