



WESTFIELD BANK

Construction to Perm Loans

Purpose: To allow borrower to purchase a lot and build a home or build a home on the land they already own through a purchase or by a gift.

Acquisition costs: This is the sum total of the lot purchase price plus the cost to build. If the lot is purchased simultaneously or within the last 12 months, the purchase price of the lot plus the cost of construction will be the acquisition cost. If the lot has been owned for more than 12 months or if the lot was gifted the value that the appraiser attaches to the lot plus the cost to construct will be the acquisition cost.

Loan to value: The loan amount cannot exceed 90% of the acquisition cost or appraised value, whichever is less. Any loan to value in excess of 85% will require mortgage insurance.

Westfield Bank (WFB) offers a single close construction to perm loan where the interest rate during construction is the same as the permanent financing. As the home is constructed the builder will need funds from the loan to pay the suppliers and subcontractors for their goods or services. WFB will request an inspection of the work completed and update for any mechanic liens. Once these reports are back, along with a fully executed draw request, funds will be disbursed to the builder. Borrower and builder sign each draw request. On a monthly basis the borrower will receive interest bills for the amount of money that has been drawn from the account for the number of days outstanding. Each month the interest bills are expected to increase based on the disbursements. Typically nine months is allotted for the completion of construction. If construction is completed sooner, the loan will convert from interest only to fully amortizing payments.

For more information contact Peter Malizia at my desk 440-746-8183, my cell 440-319-0708, or PeterMalizia@westfield-bank.com