

FOUNDATION HOMES OF CNY LLC BUILDER FINANCING

Understanding Traditional Construction Loans

A home construction loan is a short-term, higher-interest loan designed to provide the necessary funds to build a residential property. Typically lasting up to one year, these loans must cover the complete construction process until a certificate of occupancy is issued. Local lenders commonly offer this type of financing.

How It Works:

1. Application Process: The borrower submits financial documents, project plans, and timelines to apply for a construction loan.
2. Funding Draws: Once approved, the borrower can draw funds in phases as the construction progresses, usually repaying only the interest during the building period.
3. Inspections: A bank inspector will assess the property throughout construction to authorize the release of additional funds.

Interest Rates and Risks:

Construction loans generally have variable rates that fluctuate with the prime rate and tend to be higher than traditional mortgage rates, often ranging from 5% to 10%. Because the lender cannot seize the property until it is built, these loans are considered higher risk, leading to higher interest rates—typically around 1 percentage point above conventional mortgage rates.

Foundation Homes of CNY LLC's Solution

To simplify the home-building process for our clients, Foundation Homes of CNY LLC offers in-house short-term construction financing. We serve as an intermediary between you and your preferred permanent lender, providing a more straightforward and cost-effective alternative to traditional construction loans.

Key Benefits:

- No Closing Costs: Our financing option eliminates the typical closing costs associated with traditional loans.
- No Interest Payments During Construction: You won't have to make interest payments while your home is being built.
- Single Fee Structure: At the end of the project, you will only incur one distinct fee calculated based on the total construction cost and duration, separate from the contract price.

Requirements for Foundation Homes of CNY LLC Financing

1. Pre-Approval/Pre-Qualification: Clients must provide a letter of pre-approval or pre-qualification for an amount at least 10% higher than the contract price from their chosen lender.
2. Initial Deposit: A 10% deposit of the total construction amount is required upon contract signing to initiate the project.
3. Final Mortgage Process: Approximately 60-90 days before construction completion, clients will be notified to begin securing their permanent mortgage.
4. Property Deed: The property will be deeded to Foundation Homes of CNY LLC. Once the project is completed, the client will purchase the house and land using a conventional long-term loan (commonly referred to as a mortgage). This streamlined process simplifies financing for buyers.
5. Financing Fee: At or before closing, the purchaser will provide the builder with a check covering expenses related to the financing provided by Foundation Homes of CNY LLC. This fee is separate from the contract price.

By choosing Foundation Homes of CNY LLC, you not only benefit from a simplified financing process but also enjoy peace of mind as you embark on building your dream home. Let us guide you through every step of the way!