CHURCHILL
MORTGAGE®
Doing what's right for you



HOW TO ***BUILD*** YOUR DREAM HOME

www.churchillmortgage.com

Congratulations—You're ready to build your dream home! Here's what you need to know about building your custom home through a Construction-to-Permanent loan with Churchill Mortgage.

WHAT TYPE OF LOAN DO I NEED TO BUILD A HOUSE?

When building a home you'll need a Construction-to-Permanent loan. **This means you can build a home and finance your mortgage using just one loan with Churchill Mortgage.** This type of loan streamlines the home building process from buying the land to completing construction. At Churchill, we offer home construction loans with several loan program options as well as a including construction loans.

Each Construction-to-Permanent loan program will have different requirements. Your Home Loan Specialist will be able to answer any loan questions and guide you toward the right mortgage plan for you.

HOME CONSTRUCTION LOAN OPTIONS	
Loan Type	Loan Requirements
Conventional	Minimum 660 credit score. Conforming loan limit, primary and second home options, and LTV up to 95%.
FHA	Minimum 600 credit score, primary only, and LTV up to 96.5%.
Jumbo	Minimum 700 credit score. Up to $1.5 million, primary only, and LTV up to 89%.



BUILDING A HOME & INTEREST RATES

You'll have **two interest rates** during the construction loan process:

1. The first one is your "under construction" interest rate and will be an interest only monthly payment for the length of the build while your home is under construction.

2. The second will be a "locked-in" interest rate that can be reviewed after your build is complete. This loan will become your monthly mortgage payment with a loan term like 15 or 30 years.

And the good news is you don't have to worry about rising rates as you build!

PLANNING YOUR PROJECT

Once you have picked your builder, your Home Loan Specialist will need to see all plans for your build. Here are the documents your builder and architect should provide:

- Construction contract
- Lot/land contract
- Budget and breakdown of costs
- Appraisal
- Interior and exterior plans
- Description of materials

While there are other documents that may be needed, these are standard.



WHAT HAPPENS NEXT?

When you have your builder and project settled, it's time to work with your Home Loan Specialist to close your loan.

Your construction loan total will consist of:

- The funds to build
- Interest reserves
- Funds used to purchase/pay off your lot/land
- Closing costs

WORKING WITH A BUILDER DURING CONSTRUCTION

After you close on your loan, you'll begin taking draws to pay the lender-accepted builder during construction. Work with Churchill on each phase of the construction project on allocating more money as inspections are done. A reserve account will be set up to make monthly payments until the funds are gone. **Remember, during the construction phase you're making interest-only payments on the total loan amount used to date. This increases as more and more draws occur.**

You'll also have a contingency reserve which is typically 5% of your construction budget in case there are any unforeseen expenses. If there are any reserves left over after the build is complete, it can be applied to the principal of your mortgage.

BUILDER DRAW EXAMPLES

$45,000 Foundation	**$70,000** Framing	**$60,000** Exterior Finishes	**$80,000** Utilities
$100,000+ Interior Finishes	**$15,000** Outdoor	**$50,000** Contingency Reserve	

Note: You CANNOT build your own home. As the owner of the home, you may not have any ownership in the building company or work on the construction of your home.

ESTIMATE THE COST OF BUILDING A HOUSE

To help figure out the cost of building your home, consult with a professional contractor. Construction costs can vary based on factors like labor costs, location, building supplies, and market conditions.

AVERAGE COST TO BUILD BASED ON STATE & 2,000 SQ. FT. HOME

STATE	AMOUNT	STATE	AMOUNT
Alabama	$327,960	Montana	$454,600
Alaska	$587,380	Nebraska	$354,460
Arizona	$448,460	Nevada	$506,620
Arkansas	$307,640	New Hampshire	$495,740
California	$582,100	New Jersey	$451,320
Colorado	$459,420	New Mexico	$427,880
Connecticut	$561,640	New York*	$425,620
Delaware	$320,080	North Carolina	$304,700
Florida	$259,240	North Dakota	$366,760
Georgia	$268,680	Ohio	$384,280
Hawaii*	$574,820	Oklahoma	$313,080
Idaho	$472,980	Oregon	$511,060
Illinois	$444,160	Pennsylvania	$369,140
Indiana	$378,940	Rhode Island	$556,400
Iowa	$363,020	South Carolina	$300,620
Kansas	$355,520	South Dakota	$362,800
Kentucky	$329,980	Tennessee	$325,000
Louisiana	$322,140	Texas	$320,440
Maine	$475,280	Utah	$437,860
Maryland	$278,280	Vermont	$503,900
Massachusetts	$569,000	Virginia	$303,460
Michigan	$377,900	Washington	$501,660
Minnesota	$405,600	West Virginia	$286,260
Mississippi	$306,780	Wisconsin	$411,260
Missouri	$379,220	Wyoming	$438,080

*Churchill Mortgage is not licensed in New York and Hawaii.
**Prices estimates based on cost data includig contractor fees and excluding the cost of land.

CONSTRUCTION IS COMPLETE

Once construction is 100% complete, your construction loan will convert to a permanent mortgage and, you'll start paying your ongoing monthly mortgage.

YOUR MORTGAGE PAYMENT

Principal
Your loan amount

Interest
Money paid for borrowing the funds

Taxes
Money paid based on the value of your property and land

Insurance
Money paid for private mortgage insurance (depending on your down payment), and/or homeowners insurance to protect your home from natural disasters

Note: Your monthly mortgage payment could be higher than the interest only payment you've been making during construction.

DOING WHAT'S RIGHT FOR YOU

Building a home is a wonderful investment in your future and a dream come true for many! The team here at Churchill Mortgage is honored to be by your side during this exciting time. With so much to consider, it's best to get all your answers before making any decisions.

Your Home Loan Specialist will work with you every step of the way to ensure you feel educated and supported. We're committed to doing what's right for you and can't wait to see what we build together!



CHURCHILL MORTGAGE®

NEED MORE INFORMATION?

Just reach out to your local Home Loan Specialist

888.562.6200

churchillmortgage.com

EQUAL HOUSING LENDER

Source: www.home-cost.com/cost-per-sf-by-state/

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