



What is a Construction –Permanent (C-P) Loan? Purchasing a Lot and Financing Construction in a Single Loan

“Don’t be confused” A C-P loan is simply a mortgage with a construction piece attached

The Fidelity Bank Mortgage Construction – Perm (C-P) is best explained as three steps rolled into one loan application. In a single loan, we blend the lot purchase price with the builder’s cost to construct. We arrange the financing based on the contract with the builder and the purchase price of the lot. At the end of build we simply modify the construction phase into a permanent mortgage. This program can be used for new construction, partial renovation, partial tear-down, and complete tear down. Primary residences and second homes are eligible property types for C-P lending. Investment properties are not eligible.

C-P lending is a unique program and Fidelity offers the customer the best options and maximum flexibility for numerous reasons. This overview will give a customer some quick high-level benefits of the program. There are many components to this type of loan....it is much more comprehensive than simply comparing good faith estimates. The complexity of construction – perm financing is one reason that familiarity is so vital. Personal construction lending experience allows for anticipating a lot of customer needs based on knowledge of the process. This allows an experienced construction lender to anticipate which steps in the process may take longer to complete and the ability to keep advancing the process. The Fidelity Bank Mortgage CP program has the latitude and flexibility needed to provide the high-level benefits and savings for the customer.

High Level Benefits to the Customer

Fidelity houses the loan internally across the board. The construction department in Atlanta, GA handles the whole construction piece, including sending inspectors out, timely draws to the builder and rolling the loan permanent at the end of construction. The customer will always have their loan officer as a point of contact as Fidelity services the loan long term....the customer will always have a contact on the construction team for construction specific questions.

With a construction – perm loan, the loan is done with the customer. Fidelity will disburse funds from the loan to the builder. Disbursements are based on completed and inspected work. This also allows the customer the benefit of claiming mortgage interest on personal income taxes.

Fidelity offers current market rate during the entire construction period. **Customers select their permanent loan program and lock their permanent interest rate prior to construction based on current market and retain that locked rate during the entire build period.** This allows the customer to hedge against rate increases that may occur during construction.

Fidelity has a one-time close up front prior to construction with absolutely no lender fees after the closing. Some lenders charge fees for the first closing and then more at perm-up.

During construction, the borrower will make prime based interest only monthly payments on funds disbursed from the loan. Interest is billed monthly during construction on the current total amount that has been disbursed from the loan. As the total disbursed amount increases, so will the monthly interest payment.

The program gives the customer the ability to reduce the loan amount at the completion of construction with no additional fees. This allows the customer to set their payment based on their financial situation at completion.

Fidelity offers a no cost one-time program modification and/or rate float down within 30 days of the loan rolling permanent. The borrower must requalify for a loan program modification.

For more info on this program, contact Kim Jones-Zweig @ 678.468.4046 or by email at kim.jones@lionbank.com