

Can't find your dream home?

# BUILD IT!

**Construction Loans**  
by Assurance Financial



## Construction Loan FAQ's:



### What is a construction loan?

A construction loan is short-term financing that can be used to cover the costs associated with building a house, from start to finish.



### How do I qualify for a construction loan?

In addition to traditional borrower standards, such as a favorable credit score, debt-to-income ratio, and steady income, your lender must also approve your construction budget, plans, draw schedule, and the contractor you choose. You may be limited on the amount you can borrow, so it's a good idea to have a healthy amount of reserves saved.



### How do construction loans work?

You'll make interest-only payments during the construction period while the loan is paying the contractors in regular installments, called "draws", based on how much work has been done. After the project is complete, the permanent financing terms will need to be established with the lender.



### Do I have to own the land/lot before building?

You have the option to roll the cost of the land into the construction loan. If you already own land, the equity that you have in that land can count towards the borrower's minimum investment in the construction loan.



### Where do I start?

First, get pre-approved with Assurance Financial so you know what your budget will be. We'll walk you through every step from there.

## Tips for Planning Your Construction



Make a list of your must-haves so you can prioritize your budget.



Set a realistic timeline for construction with your contractor, and include a few extra weeks for unforeseen delays.



Research qualified contractors and get estimates from a few of your top choices.



Set a budget and stick to it. Be sure to include an emergency fund for unexpected expenses.



# BEGINNING THE CONSTRUCTION LOAN PROCESS IN 4 STEPS

- 1** Get pre-approved with Assurance Financial.
- 2** Find your land, if you don't already own it, and choose your contractor.
- 3** Finalize plans with the builder and submit all paperwork to the lender.
- 4** After everything is approved by the lender, you'll sign the final paperwork then funds are released and your builder can begin.

## YOUR TOP CONTRACTORS

Remember, your contractor of choice must be approved by Assurance Financial.

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# YOUR DREAM HOME WISHLIST

Creating a wishlist can help you prioritize your must-haves when planning your budget. Pinterest and Instagram are great resources for inspiration!

|                                     |                                      |                            |
|-------------------------------------|--------------------------------------|----------------------------|
| # of Bedrooms: <input type="text"/> | # of Bathrooms: <input type="text"/> | Sqft: <input type="text"/> |
| Kitchen:                            | Living Area:                         |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |
| Bedrooms:                           | Bathrooms:                           |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |
| Misc:                               | Outdoor:                             |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |
| <input type="text"/>                | <input type="text"/>                 |                            |

## FUN FACTS

The average price per square foot for a new build is \$100-\$200.

The average kitchen costs \$60,000.

The average cost for an in-ground pool is \$45,000.



## Sandy Barrett

### Loan Officer

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