

Considering a Construction Loan?

SUGAR RIVER BANK HAS BEEN HELPING CUSTOMERS FOR 126 YEARS



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What is the difference between a construction loan and other types of mortgage loans? Are there different types of construction loans?

A construction loan is used to finance the cost to build a home, whereas other mortgage loans are used to purchase homes or refinance current loans. A 1-Step Construction Loan is our most popular product today. This loan provides for payments of interest only during the construction period and then converts automatically to a permanent loan once construction is complete. The process requires only a single loan application and one closing. A traditional 12-month, interest-only construction loan is also an option. This option requires a second loan application and closing to obtain a permanent mortgage after construction is complete.

What are the top reasons a consumer would choose to build over purchasing an existing home?

Many borrowers choose new construction as they can build their home exactly to their specifications. However, in a seller's market, such as we are currently experiencing, construction loans become even more popular due to the shortage of existing housing inventory. In these situations, many borrowers determine that building their own home is the best option.

Is a construction loan a good option for first-time buyers?

While new construction is an option for first-time home buyers, it may be overwhelming to some. Typically, first-time home buyers are looking at purchasing existing houses as they are the most anxious to quickly move into their new home. Regardless, it is important for all home buyers to work closely with their mortgage professional to understand all loan options before making a decision.

What are the top items a borrower needs to do in advance to prepare for a construction loan?

Locate a piece of land to build on; meet with a local/reputable builder to discuss design, plans, and cost estimates; and work with a local lender who is experienced in construction lending.

Why should someone choose Sugar River Bank for their construction loan?

Sugar River Bank is your local, hometown community bank. We specialize in construction lending and have built strong relationships with most local builders and subcontractors. Our experienced construction loan team is dedicated to working closely with borrowers to educate and assist them throughout the entire loan process. **rw**



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