

The Construction to Permanent Mortgage Process

1 Meet with a Fox River State Bank Loan Officer

The borrower meets with a Fox River State Bank loan officer to discuss loan programs and qualifications. The loan officer can pre-qualify the borrower and verbally indicate the loan amount the borrower qualifies for or, the formal "Approved First" process can start. Fox River State Bank will verify, in writing, everything needed for written loan approval.

2 Pre-Plan with a Builder

The borrower meets with a builder or architect to discuss plans for the new home. The size of the home, style, amenities and costs should be discussed at this time. Starting time and completion time for the construction term are also agreed upon.

3 Sign Final Construction Contract

All designs, specs and price for the home are finalized and the construction contract is signed. Borrower meets with a Fox River State Bank loan officer to finalize the loan application. Fox River State Bank completes the final loan processing, and upon approval, a loan commitment is issued to the borrower, and then a date is set for the loan closing.

4 Construction Loan Closing

The borrower meets with Fox River State Bank or the title company to sign the final loan papers and necessary documents. If the borrower does not already own a lot, it is purchased at this time. Fox River State Bank sets up a construction loan account for the approved loan amount to ensure sufficient funds are available for completion of the home.

5 Builder Starts Construction

Construction on the home begins and the builder will ask for periodic or monthly draws as the construction proceeds. After the borrower authorizes a draw to the builder, Fox River State Bank will disburse loan funds to the title company. The title company will then pay the builder in accordance with the terms of the disbursement agreement.

6 Interest Payments Begin

As monies are advanced to complete the home, interest begins to accrue on what the builder has used. It is at this point that Fox River State Bank will begin sending you monthly interest due statements. As the builder requires additional draws, more funds will be used and more interest will be due. These payments will continue until the home is completed.

7 Home Completed

Upon completion of the home, the builder will request the final draw on the construction contract. The builder and borrower will reconcile any overages or shortages from construction changes that took place during the building process. Fox River State Bank will have a final inspection done confirming completion of the home. After the borrower's authorization, the final draw is made to the contractor through the title company.

8 Permanent Mortgage Starts

It is at this point that the full balance of your construction loan is paid off using the loan proceeds from your long term mortgage approval. You may or may not sign new loan documents, but you will move into your brand new home! Within a month or two, your principal and interest payments will begin.

*Example of a construction loan timeline:

