Frequently Asked Questions

• Does Meridian Trust fund construction loans?  
  Yes, Meridian Trust does construction loans with conditions.

• Does Meridian Trust do a one-time close?  
  No, not at this time.

• What is the interest rate?  
  Subject to change, but generally between 6% - 7%. Interest rate is based on your credit scores.

• Do I have to pay monthly payments?  
  Yes, interest only based on the outstanding principal balance of the construction loan.

• May I be my own general contractor or build my own home?  
  Only if you are a licensed general contractor with relatable experience.

• What are the approximate fees to obtain the loan?  
  Loan origination fee equals half of a percentage point (5%) plus all out of pocket expenses.

• How do I access the construction loan funds?  
  Draws are made on a monthly basis based on the draw request submitted to Meridian Trust.  
  Supporting documentation for the draw and inspections are required.

• Do I pay the vendors or does Meridian Trust?  
  Meridian Trust pays the vendors.

• How long do I have to build the home?  
  12 months

• What if I go over the time frame?  
  Meridian Trust may extend the term on a case by case basis.

• How do you determine how much cash I must have down?  
  The lesser of actual projected costs to complete, or appraisal value of the completed project based on the project plans.

• What if I already own the land?  
  The ownership of the land can be considered as a portion of your equity in the project if you have owned the land for at least 12 months.

• What if I do not own the land?  
  Land can be included in the total cost of the project, but you must have 20% equity position in the project.

• What is the minimum credit score for construction loan approval?  
  650
• How long does the approval process take?
  4-6 weeks.

• If I own the land, can I start building prior to the construction loan?
  No, Meridian Trust requires loan documents in place before ground breaking.

• How do you determine the loan amount?
  80% of the appraised value as completed or projected project costs, including land purchase if applicable.

• How do you determine the value of the project?
  Based on the appraised value as if the project is completed.

• Can I make changes to the plans after we start construction?
  On a case by case basis with prior approval by Meridian Trust.

• May I or family and friends do any/all of the work on the home?
  Generally no, unless the person doing the work is a licensed contractor for the scope of work.

• What if we run out of money for construction costs?
  With proper planning this should not happen. In the event this happens you may have to more money available or look at refinancing the construction loan.

• Why must I be pre-qualified for permanent financing prior to construction loan approval?
  Meridian Trust must be confident that you will qualify for a permanent loan once construction is finished. If you do not qualify for permanent financing, Meridian Trust cannot approve your construction loan.

• Do I have to pay closing costs again?
  Yes, your permanent loan is a new loan product subject to the fee structure and underwriting requirements like any other new first mortgage.

• Will I need a new appraisal for the permanent loan?
  At a minimum, the appraisal value must be re-certified and the appraiser must certify the property is completed according to the plans. A new appraisal may be required based on the age of the appraisal report or if there is a change in value.

• Will I need to provide additional financial information?
  Yes, updated pay stubs, bank statements, W2 forms and Federal Income Tax Returns will be required.

• How soon can I lock the interest rate on the permanent loan?
  Meridian Trust can do a 60 day lock for you, but the file must be closed and funded on the 60th day. We will want to be confident of the completion date prior to locking the loan to avoid you paying lock extension fees.

• What will the title company require for my permanent loan?
  The title company will require the cost breakdown for the project and lien waivers from all vendors that worked on the project or supplied materials. A new title policy will also be required.