

## 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 is one percentage point (1%) 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?  
*9-12 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?  
*75%-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 60<sup>th</sup> 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.*