



# One-Time Close Construction Loans

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*Get an all-in-one loan for your dream home.*





# WHAT TO EXPECT WHEN YOU Choose Cornerstone As Your Lender

## **Service That Puts You First**

Making your mortgage process easy and stress-free is our #1 priority! You'll have our team's unmatched attention and instant availability from start to finish.

## **On Track And On Time**

Because our team understands the ins and outs of the home-build process, you can stay on schedule and meet all the terms and deadlines of your purchase agreement.

## **Protection From Rising Rates**

Confidently build your new home without stressing about interest rates. You can lock your rate for up to 360 days.

## **Easier Communication**

Get real-time status updates from your builder AND lender. We keep the flow of communication open, so you always know where you are in the process.



### **Paperless Process Powered By LoanFly®**

Save time and trees with our free mobile mortgage app! Instantly upload and manage your loan paperwork, check next steps, and track your loan's progress at your fingertips.

# Your One-Stop Shop For One-Time Close Construction Loans

With a one-time close loan from Cornerstone, you can secure both short-term construction and long-term financing at the same time. You'll lock your interest rate before construction starts. And once your new home is ready, the loan conveniently converts to your permanent mortgage.

## One-Time Close Benefits

- Avoid higher rates – and higher mortgage payments – by locking your permanent mortgage rate in advance.
- Save time by applying for just one loan instead of two separate loans.
- Save money with just one set of closing costs instead of two.
- Make interest-only payments during the construction period.
- Choose the construction timeline that works for you and your builder.

## Cornerstone One-Time Close Programs

### FHA

- Loan amounts from \$25,000 to the county's FHA loan limit
- Good for financing primary residences
- Stick-built, manufactured, and modular homes are eligible
- Allows up to 20-acre properties
- 6, 9, or 12-month construction timeline

### CONVENTIONAL

- Loan amounts up to \$766,550
- Good for financing primary residences and second homes
- Stick-built, manufactured, and modular homes are eligible
- Allows up to 20-acre properties
- 6, 9, or 11-month construction timeline

Not intended to be an exhaustive list of all requirements for a one-time close construction loan. Additional underwriting conditions may apply; speak with your loan officer for details.







# Construction Loan Blueprint

Here's a quick overview of the construction loan process. Although your specific steps may vary based on the loan program you qualify for, you can count on our team for a smooth, stress-free experience!

**START**

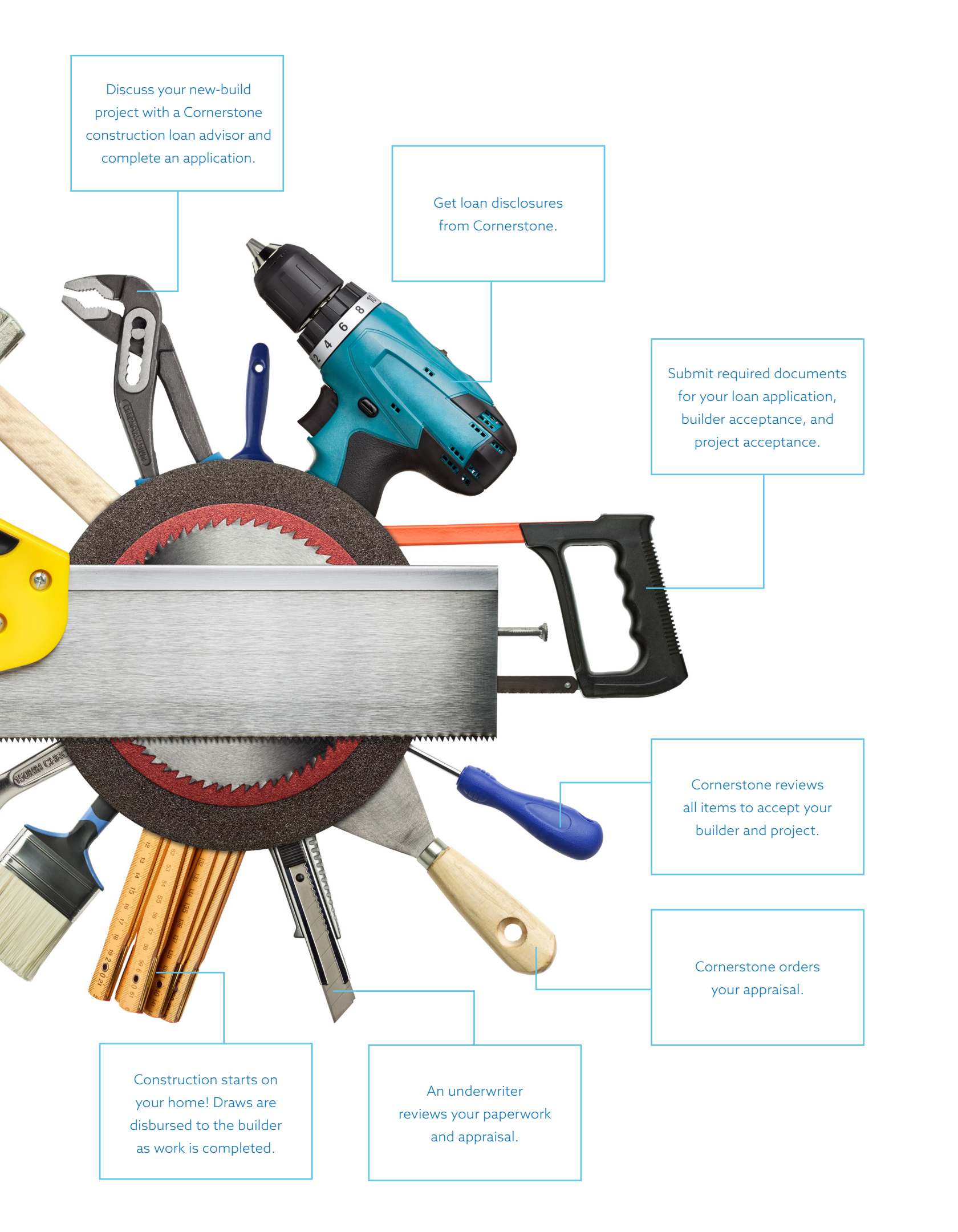
**FINISH**

Your home is ready!

Work with your loan officer to finalize your permanent mortgage.

Final inspection and survey take place.





Discuss your new-build project with a Cornerstone construction loan advisor and complete an application.

Get loan disclosures from Cornerstone.

Submit required documents for your loan application, builder acceptance, and project acceptance.

Cornerstone reviews all items to accept your builder and project.

Cornerstone orders your appraisal.

Construction starts on your home! Draws are disbursed to the builder as work is completed.

An underwriter reviews your paperwork and appraisal.





# Your Home Loan Checklist

To help us better serve you, please be ready to provide the following documentation. You may be asked for additional items during the process.

- BANK STATEMENTS**  
Showing most recent two-month history - ALL PAGES
- BROKERAGE STATEMENTS**  
Showing most recent two-month history - ALL PAGES
- RETIREMENT STATEMENTS**  
Showing most recent two-month history - ALL PAGES
- EMPLOYMENT PAY STUBS**  
From the last 30 days of all jobs held by each applicant
- W-2 FORMS**  
From the most recent two years for each wage-earner applicant
- PERSONAL FEDERAL INCOME TAX RETURNS (1040S)**  
From the most recent two years, with all schedules, statements, and addenda (completed and signed)
- MOST RECENT MORTGAGE STATEMENT**  
For any other properties owned by the applicant
- COPY OF DRIVER'S LICENSE FOR EACH APPLICANT**
- HOMEOWNERS INSURANCE AGENT'S CONTACT INFORMATION**

## Upload documents with the greatest of ease!

Our free LoanFly® mortgage app helps you soar through the process. You can also access our secure Borrower Portal to upload documents and easily track your loan progress.



Download LoanFly® at [LoanFly.com/TheNilesTeam](https://LoanFly.com/TheNilesTeam),  
the App Store, or Google Play.

By furnishing any and/or all of the documentation, an applicant is in no way obligated to accept the terms and conditions of the mortgage offered, nor does the borrower have to provide these documents to receive a Loan Estimate.

# Builder Acceptance Checklist

In addition to the standard items included on the home loan checklist on the previous page, Cornerstone will need to review documentation from your builder and for your home-build project. We want to make sure your builder has the experience and meets the requirements of our construction loan program. We'll provide your builder with a contractor/builder acceptance package with all the information and forms they need to complete.

## Quick List of Items Your Builder Will Need To Provide

- BUILDER ACCEPTANCE FORM & W-9**
- COPY OF BUILDER STATE/CITY/COUNTY LICENSE**  
(if applicable)
- PROOF OF BUILDER'S GENERAL LIABILITY INSURANCE**
- PROOF OF BUILDER'S WORKMAN'S  
COMPENSATION INSURANCE**  
(or Certificate of Exemption if no employees)
- COPY OF PRINCIPAL'S/OFFICER'S/MEMBER'S  
DRIVER'S LICENSE**  
(To validate the builder's identity)
- IF APPLICABLE, BUILDER'S CREDIT REPORT MAY BE  
PULLED, AND FINANCIAL STATEMENT MAY BE REQUIRED**
- 3 REFERENCES - ONE OF WHICH MUST BE A PREVIOUS  
CLIENT AND ONE CONTRACTOR/SUPPLIER-VENDOR**





# Project Review Checklist

A review of your new-build construction project will help us determine its feasibility and the structuring of your loan according to program guidelines. The following checklist outlines what we'll need for the project review/acceptance process. Our team will work closely with you to gather the items needed.



## Required Forms & Documents for Project Review

- Fully executed Construction Contract (Fixed Price or Guaranteed Max Price Only) – Cost-plus contract may be allowed on an exception basis; contract should contain verbiage referencing change orders and “Must be Reviewed/Approved by the lender prior to work beginning”
- Fully executed Land/Lot Purchase Contract (if land is being acquired with the transaction)
  - ◊ If you own the land, documentation of the purchase is required
- Architectural Engineered Plans (stamped and signed) or Approved Plans and Specs including a Foundation Plan (signed by both you and the builder)
  - ◊ A copy of the final stamped Plans & Specs by the local jurisdiction should be provided at closing, or within 30 days of closing or prior to First Draw, whichever occurs first
  - ◊ Specifications must be on a HUD, AIA, or other industry-standard form
- Residential New Construction Description of Materials and list of Subcontractors and Suppliers
- Detailed Construction Budget or Cost Breakdown/Line-Item Budget (signed by you and the builder)
- Proposed Draw Schedule (signed by you and the builder)
- Completed Appraisal marked with “Subject to Completion per Plans & Specs”
- Permit Certification Form (completed and signed by the builder)
- Copy of Building Permits
- HOA acknowledgment letter
- Evidence of builder's risk insurance
- Evidence of in-transit insurance (for manufactured and modular homes only)
- Evidence of any prepaids and/or deposits (copies of cancelled checks and paid invoices)
- Loan Estimate (signed by you)
- Preliminary Title Commitment
- Survey or Plot Plan (applicable in survey states)
- Engineer's certification of foundation plan (for manufactured homes only)



# Learn The Lingo

Use this guide to understand the terms that may come up during the construction loan process.

## AMORTIZATION

Refers to the act of paying off a debt based on a preset schedule that is determined by the loan term. Interest-only payments are made during the construction period, while the amortization period begins with your first payment after construction is completed. This is when you start paying down the principal balance of the loan in addition to interest, plus any additional fees.

## APPRAISAL

A professional evaluation of a home's market value, required by the lender to secure home financing.

## BUILDER'S LIABILITY

An insurance policy during ongoing construction which covers any damages or injuries resulting from activities undertaken during construction or renovation work.

## BUILDER'S RISK INSURANCE

Also known as construction insurance, this specialized policy provides coverage for damage or loss to a building or structure during construction. It safeguards the project's stakeholders, including contractors and property owners, against various risks, such as theft, fire, vandalism, and natural disasters, ensuring financial protection during the construction process.

## BUILDING PERMIT

An official authorization issued by a local government or relevant authority that allows property owners or builders to proceed with specific construction or renovation projects. This may be required to ensure that the proposed work complies with building codes, safety regulations, and zoning laws.

## CERTIFICATE OF OCCUPANCY (CO)

A certification issued by a local government or building authority proving that a property is habitable and meets all code and usage requirements.

## CHANGE ORDER

A formal document that outlines modifications or adjustments to the original project scope, specifications, or contract terms. It is used to document and authorize changes, including additional work, cost adjustments, or scheduling alterations, often necessitated by unforeseen circumstances or client requests. Any change order must be reviewed and approved by Cornerstone before work can begin.

## COLLATERAL

The property that a borrower pledges to a lender as security for the loan, providing assurance for the loan agreement. If the borrower fails to repay the loan, the lender can take the collateral to recover the outstanding debt.

## CONSTRUCTION BUDGET

A detailed financial plan outlining all the estimated expenditures associated with a construction project, encompassing aspects such as materials, labor, permits, equipment, overhead costs, and other expenses.

## CONSTRUCTION CONTRACT

A legally binding agreement between a client and contractor or construction company, covering the terms, conditions, scope of work, and various details specifying the expectations of all involved parties.

## CONSTRUCTION PERIOD

A projected schedule covering the full time period when building or renovation work takes place on a property.

## CONTINGENCY FUND

A part of a project's budget set aside to cover any unforeseen expenses, events, or changes in scope that may arise over the course of the construction process. These funds exist as a buffer to ensure the project continues smoothly if unexpected issues arise. Speak with our team for more information.

## CREDIT SCORE

A three-digit number (300-850) that shows how likely you are to repay debt. Having good credit can help you get better mortgage terms, but you don't need perfect credit to qualify for a mortgage.



## DEBT-TO-INCOME (DTI) RATIO

This is the percentage of your gross monthly income (before taxes are taken out) that goes to paying monthly debts, including the new mortgage payment. A lower DTI typically means better mortgage terms.

## DRAW REQUEST

A formal request for a portion of the allocated funds to cover the costs during a specific phase of the construction project, showing clear evidence of the expenses associated with the completed milestone. Typical documentation in a draw request can include invoices, receipts, a schedule of value, change orders, lien waivers, amongst others. It is based off of completed work and not future costs.



## DRAW SCHEDULE

A predetermined timetable that outlines when and how funds from a construction loan will be disbursed to the builder or contractor. It typically corresponds to project milestones or completion of specific phases, ensuring that funds are released to cover expenses as work progresses.

## HARD COSTS

The tangible expenses associated with the physical construction of a project. These costs typically include materials, labor, equipment, and other expenses related to the construction of the home, excluding soft costs.

## LAND COST

All costs incurred when acquiring a piece of property or building site, including both the initial purchase costs and those necessary to make the land ready for construction.

## LIEN WAIVER

A formal, legal document signed by a contractor or subcontractor, indicating that they have received payment for the agreed-upon services and waive their right to place a lien on the property for the work or materials provided. A signed Lien Waiver is required at each draw from the builder/dealer/contractor.

## LOAN-TO-VALUE (LTV)

A ratio measuring how much you borrow to the appraised value of a property being purchased or constructed. LTV is used by lenders to help assess the potential eligibility or risk in taking on a loan.

## PLANS AND SPECIFICATIONS

Also known as 'Plans and Specs', these are all the architectural drawings/plans and specifications for a construction project, outlining the design, materials, and construction requirements and instructions. These documents serve as the blueprint for the process to ensure the work is completed according to its intended design.

## PROGRESS INSPECTIONS

Periodic on-site assessments by inspectors or lenders to evaluate the state of completion and quality of work at various stages of a construction project. These inspections help ensure that the project is proceeding according to the agreed-upon plans and schedule, and they play a vital role in disbursing funds to contractors as per the construction loan agreement.

## PROPERTY TAXES

Taxes levied by local governments on the value of real property, including land and buildings.

## RESERVES

These are assets that can be easily converted into extra cash you can use to cover your monthly mortgage payments. The minimum cash reserves required will vary by loan program. Speak with your loan officer for more information on reserves.

## SOFT COSTS

Soft costs in construction encompass expenditures that are non-physical in nature but still essential for the project's completion. These costs include items such as architectural design fees, permits, legal or financing expenses, and other types of costs.





## Frequently Asked Questions

**Can I do the work myself?** No. Cornerstone requires a licensed builder who goes through our review process, so DIY work is not permitted. Owner-builders are also not allowed (an owner cannot be the builder even if they are a licensed contractor).

**When do I have to make my down payment?** That depends on your specific loan scenario, so please speak with your loan officer for more information. All funds required for your down payment and equity investment must be paid into your project before Cornerstone can release any draw funds. Be sure to keep detailed and accurate files of any funds you pay your builder and other parties working on your home before your closing; those funds may be counted towards your required minimum investment.

**What is a draw request?** This is a formal request for funds paid to the builder as each phase of your construction project is completed. The funds are pulled from your construction loan. Cornerstone allows custom draw schedules, so you and the builder can determine when to pull funds.

**Can I make changes during construction?** Yes, you can make changes during the construction phase. Be aware that any changes will impact your costs, and you are required to pay for any cost increases. If these changes affect the value of your home, your loan terms may also change. Please speak with your loan officer before making any changes.

**When do I have to make loan payments?** With a one-time close loan, you will typically begin making interest-only payments 30 days after your loan closing. You'll only pay interest on the drawn balance during the construction phase. Your regular principal and interest mortgage payments will begin after construction when the loan converts to your permanent mortgage.

**Can I make principal payments during the construction interest-only period?** Yes, but those payments will only go towards your principal loan amount – and not towards draws from your construction loan. Principal payments made during construction won't increase the funds available for future draws. Please speak with your loan officer for more information.

## Let Cornerstone help you finance your new construction home!

Our team has worked with homebuyers and homebuilders across the country and can help you move effortlessly through each step of the process.



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