



NEW HOME CONSTRUCTION/PERMANENT FINANCING PROGRAM

02/14

Dear Valued Home Purchaser:

The financing products provided by Wakefield's Preferred Lenders offer lot acquisition, construction financing, and permanent mortgage financing at competitive rates with a Single Settlement/One Time Close. For those building a home on their lot, our lenders can payoff the balance of your existing mortgage by including it into your Construction Permanent Loan. You are guaranteed permanent mortgage financing terms and rates until your home construction is completed. Prior to the completion of your home, the bank will specify the date that your loan "Rolls-over" (converts) to your prearranged permanent mortgage. After the Rollover date, you begin making your mortgage payments which are amortized over the term of your permanent mortgage. The details and forms for Rollover are managed by the bank and Wakefield Homes.

The benefits and terms of the Construction to Permanent Financing program are summarized as follows:

- **Construction Loan Duration** – The loan duration is typically twelve (12) months but may be extended if needed.
- **Construction Loan & Interest Rate** - **The construction loan is a simple interest loan calculated monthly.** You are responsible for paying the lender monthly for the interest accrued for the previous 30 days based on the outstanding loan balance. A Construction Draw schedule is provided in Wakefield Homes' contract. The construction loan interest fee is billed monthly and is computed as follows: principle drawn at settlement to fund the land purchase plus any portion of the construction loan's outstanding balance multiplied by the annualized interest rate for one month.
- **Permanent Loan & Interest Rate** – **Your may select a 5/1, 7/1 or 10/1 ARM permanent loan at the time you settle on your financing which is locked in for the 12 month construction duration. The rate is based on Market at the time of application for the ARM product you select. Even though you have a guaranteed ARM loan and rate, you may choose to obtain a fixed rate loan during the construction phase of your home. If so, you will incur additional loan modification or settlement charges that will be explained at the time you are considering a fixed rate loan product.**
- **Construction & Permanent Loan To Value Ratio** – based on the lower of the appraised value of the completed home & lot or the total acquisition cost (i.e. lot plus house cost).

- 90% to \$1,500,000
- 80% to \$1,500,000
- 70% to \$2,500,000

- **Permanent Loan (Mortgage) Products**

- 5-1 ARM
- 7-1 ARM
- 10-1 ARM
 - *All permanent loan products may be refinanced or modified into a 15 or 30 year fixed rate after construction of the home is complete.*

In summary, our New Home Financing Program works as follows:

- Upon executing a contract to purchase your home, you meet with our lender's loan officer to begin the loan application process.
- Upon loan approval, we schedule your financing settlement with Monument Title Company located in the City of Alexandria.
- Prior to your construction/permanent loan settlement, you meet with our sales representative to select the necessary finishes for your home and make the necessary adjustments to your contract for desired options or changes. Concurrently, we submit your house plans to the jurisdictional building authority (City/County) for a building permit in accordance with the terms of the Sales Agreement.
- Upon the settlement of your financing, you become the owner of your lot and we obtain the building permit to begin construction of your home. This usually occurs within forty-five (45) calendar days thereafter, provided that all house options and finishes have been selected and approved. For Build on Your Lot customers, construction will commence approximately sixty (60) days after you have moved out of your house. Wakefield Homes must cut off all utilities and obtain a demolition permit.
- Throughout your new home construction, you are responsible for paying the interest fees (as noted in the construction loan) on the outstanding loan balance directly to the mortgage company, and property taxes on your lot.
- Our lenders monitor the construction, inspect the work in place for each draw, and makes payments directly to Wakefield Homes pursuant to the pre-approved draw schedule noted in our Sales Agreement. Further, the bank and Wakefield Homes manage the entire process without requiring your involvement.
- Within thirty (30) calendar days of completing your home, we schedule an initial Substantial Completion House Walkthrough one (1) week prior to the scheduled house completion date. At the initial Walkthrough, we review your new home with you and make note of any items that require adjustment. Your occupancy date is usually scheduled one calendar week after your Substantial Completion Walkthrough. However, we require a final Substantial Completion Walkthrough prior to your occupancy to confirm that any items noted on your initial Substantial Completion Walkthrough have been satisfactorily completed.

- Upon Substantial Completion, we notify Our lender to convert your construction loan to a permanent mortgage. The “Rollover” to your permanent mortgage is usually set for the first of the month following the Substantial Completion date.

Our New Home Construction/Permanent Loan Sales Program has been used successfully in our subdivisions and on odd-lots throughout Northern Virginia since 1991. Our lenders are available to meet with you to answer any questions you may have. Again, thank you for your interest in Wakefield Homes.

Sincerely,

A handwritten signature in blue ink that reads "Louis V. Genuario Jr." with a stylized flourish at the end.

Louis V. Genuario Jr.
President