

Construction-Permanent Loans

Construction-permanent loans combine interim financing during construction and permanent financing upon completion of the property. You can treat a construction-permanent loan as a purchase or a refinance.

Construction-permanent loans as a purchase

- LTV is the lower of the acquisition cost/purchase price or the current as-completed appraised value
- Cost of acquisition must be documented and is the total of the construction costs and purchase price of the lot

Construction-permanent loans as a rate/term refinance

- LTV is based on the current as-completed appraised value
- For borrowers who own the land (lot) prior to construction.

Underwriting and approvals

- MI underwriting and pricing are based on the terms of the permanent loan
- Construction-permanent Commitment/Certificates are effective for a period of 12 months. Extensions for expired commitments require resubmission and are subject to our Underwriting Requirements and pricing in effect at that time
- See our Underwriting Guide for additional requirements, mgic.com/guides

Coverage-effective options and activation

- Coverage activation options:
 - Prior to completion of the property + upon closing of the construction loan or interim financing
 - At time of completion of the property + upon closing of the permanent loan (or the modification of the one-time close loan to the permanent loan)
- The loan must be current as of the date insurance is activated and meet documentation age requirements

Questions?

Contact your MGIC representative, mgic.com/contact.