

Construction/Permanent Loans

Thank you for choosing Virginia National Bank for your Construction Loan needs.

We want to help pave your way to a happy home building experience. Virginia National Bank offers a two-part construction-to-permanent loan. The first part is the construction loan, and the second is permanent financing. Our construction loans are interest-only on the Bank funds that have been disbursed during the construction period, typically 6—12 months, depending on the size of the project. The project is completed within a specified period of time, and is controlled by supervised disbursements. Once construction is completed, your loan will be converted to a longer-term mortgage loan.

We will approve your permanent financing, in conjunction with the construction loan. We offer conventional and other types of mortgages, as permanent financing options. I will help you figure out which is best for you.

Organize your finances before you come to the bank

Once you decide to apply for a Construction Loan, we will need a completed Uniform Residential Loan Application (URLA). We will provide you with a Loan Estimate of the costs associated with the construction and permanent loans. Once you indicate you want to proceed, here is what you will need to get started:

Most recent pay stubs covering 30 days, including year-to-date information
Last three years (1040) tax returns
Last three years W-2s
If self-employed, three years personal and business tax returns, and year-to-date profit and loss statement
Last two months of complete bank statements
Last two months or quarterly retirement statements [IRAs, 401(k)]
Builders Risk insurance (may be provided by contractor)
Any other information (such as proof of additional income) that you think will help us to evaluate your credit
Class A Contractor with a fixed price contract and house plans
20% equity in the project
If you own your lot, we will need a complete legal description and the following information:
(1) When was it purchased?
(2) What was the original cost?
(3) How much do you owe on it?
If you are purchasing a lot, we will need a copy of the purchase contract

Value

We loan up to 80% of the lower of the cost or appraised value.

Fees

Fees for your Construction Loan may include appraisal and review fees, attorney fees, title insurance, recordation fee, inspection fees, and title updates. If you choose a conventional mortgage product for permanent financing, there will also be similar fees.

Rate

Construction Loan rates are variable during construction, and tied to the current Wall Street Journal Prime Rate, plus a margin. The Bank may charge a fee between 0.50%-2.00%, depending on the amount of the loan.

Draw Process

The Bank monitors the progress of construction in order to approve draws. Onsite inspections are performed by an inspector hired by the Bank to monitor progress. Draw disbursements are done once a month, in response to a draw request submitted by the builder, for the work completed. Lien waivers from suppliers and sub-contractors are required before disbursements are made. A final inspection/draw is made available upon the receipt of an occupancy permit, the appraiser's final completion certificate, and your approval of the completed construction.