

Example: Single Family Home New Construction Requiring Budget Tracking

The Deal:

A builder has requested \$6 MM for construction of single family homes. The bank has agreed to provide a revolving line of credit for \$6 MM with maximum aggregate funding over the life of the line of \$12 MM.

Terms of the borrowing facility are:

The line has the following limits/controls in place:

- ◆ Presold units are to be funded at the lesser of 80% of the unit cost or 75% of value
- ◆ Spec and model units will be funded at a 75% loan to value
- ◆ For each new start, the bank will reserve the full amount needed to complete the unit (unit commitment reserve). The total amount outstanding plus the remaining unfunded commitment reserve may not exceed the \$6 MM line amount
- ◆ No more than 5 spec/model units can be under construction at any point in time
- ◆ No more than 25 total units can be under construction at any one time
- ◆ The bank has the right to approve each subdivision prior to funding
- ◆ The loan is based on receiving interest monthly
- ◆ Funds will be disbursed at the unit level based upon line availability, outstanding dollars, and limitations

AFS Capabilities:

To learn more about AFS Capabilities for loan function, syndication and collateral, please fill out our Contact Us form and you will be contacted with more information.

Deal Features:

- ◆ Multi-Purpose Facility
- ◆ Budget Tracking
- ◆ Budget Pipeline Monitoring
- ◆ Construction Advance Requests
- ◆ Commitment(s), Loans, and budget auto-balancing
- ◆ Payment Application

AFS Products Used:

- ◆ Commercial Real Estate
- ◆ Loan Origination