

## CONSTRUCTION-TO-PERMANENT AND CONSTRUCTION LOANS OVERVIEW

CMG Mortgage Insurance Company's (CMG MI) Construction-To-Permanent program is designed to meet our customers' varied needs. CMG MI can provide coverage during construction, or we can provide a commitment to insure the permanent portion of the home's financing when the construction is completed.

### Construction-To-Permanent Loans

A **construction-to-permanent loan** is the loan an individual borrower(s) obtains which finances the interim construction phase and converts to the permanent financing.

### Construction Loans

A **construction loan** is the loan an individual borrower(s) obtains that finances the construction cost; the permanent loan is a separate loan.

CMG MI's Construction-To-Permanent Program guidelines are available at: [www.cmgmi.com/guidelines](http://www.cmgmi.com/guidelines)

#### **To secure coverage during construction:**

- The lender must remit premium payment within 45 days of the closing date to activate the insurance and secure coverage during the construction period.
  - If the initial premium payment is received past the 45 days, the effective date for coverage will be the premium payment received date and a payment history will be required.
- Maintain the premium payment throughout the construction period.
- Premium is based on the full loan amount, not the drawn amount.

#### **To secure coverage after construction is complete:**

- The lender can choose the effective date based on local practices, such as:
  1. Date of closing of the permanent loan
  2. Date of the certificate of occupancy
  3. Date the property is accepted as complete by the borrower
- The loan cannot be in default as of the date the lender activates the insurance.
- Premium payment to be remitted within 45 days of the effective date selected to secure coverage after construction is completed.
  - If the initial premium payment is received past the 45 days, the date the premium payment is received will be the effective date for coverage and a payment history will be required.

#### **Coverage and premiums:**

- CMG MI premium plans available are:
  - EZ Monthly
    - Effective July 20, 2008, the loan closing date cannot be updated by the customer. Loan closing date must be provided when premium is remitted within 45 days of the closing date.
  - Standard Monthly
    - Loan closing date must be provided when premium is remitted within 45 days of the closing date.
  - Single Premium
    - Loan closing date must be provided when premium is remitted within 45 days of the closing date.
  - Standard or Level Annual
    - Loan closing date must be provided when premium is remitted within 45 days of the closing date.
- Losses caused by the borrower's inability to secure permanent financing or the lender's unwillingness to convert the loan to a permanent loan are NOT covered.
- Property must be completed according to the plans and specifications on which the appraisal was based. Costs associated with completing construction are not claimable expenses.