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Single Close Construction = Happy Homeowners!

Despite the downward turn in the housing market, new construction remains steady and strong. The USDA Single Family Housing Guaranteed Loan Program (SFHGLP) offers construction loan products, with the most popular being the Construction to Permanent loan, otherwise known as our Single Close Construction (SCC) product. The popularity of the SCC product among lenders continues to increase and pave way to homeownership for those low to moderate income borrowers in rural America.

Why lenders are choosing the Single Close Construction product. Traditional construction loans require two separate loans; one to finance the build and the second, which is the permanent loan that closes once construction is complete. The USDA Single Close Construction loan simplifies this process by combining the two loans into one single mortgage that closes before construction even begins; offering lenders the government's guarantee before a shovel even goes into the ground. We reached out to some of our lenders for feedback on the SCC product and asked them why they see it remaining a popular alternative to their clients wishing to purchase a new home. Click N Close Operations Manager, Brian Kirchner said the USDA single-close product is popular among their originating business partners. "We have closed several of the RD one-time close products and absolutely love them as do our clients. The process is simple and the fact (that) the client can have one closing, one set of costs and are able to lock in on a fixed rate at the beginning is a win-win." *Carmen Smith, Northside Mortgage.*

The SCC loan product offers lenders many other benefits such as the option of interest only payments or full PITI payments during construction as well as the ability to lock the interest rate at closing before construction begins. Both product options allow for up to 12-months of those payments to be escrowed and financed into the loan, eliminating the need for the borrower to make two housing payments during construction.

"As an approved lender under the USDA Single Family Housing Guaranteed Loan Program, Metroplex Mortgage Services, Inc. ("Metroplex") recognized the need for affordable housing in the Rural Communities that we serve throughout Florida, Texas, Tennessee, and Alabama" says Sean Stephens, President, Metroplex Mortgage Services, Inc. "As such, we decided to participate in the USDA Single Close program and continue our long-standing partnership with USDA in order to provide No Down Payment construction loans for both Single Family Residences and new Manufactured Home and Land packages. Metroplex has found the program to be a successful option for homebuyers that may not have otherwise had the funds for a down payment while at the same time needing a more affordable monthly loan payment with a 30-year fixed rate mortgage."

Single Close Construction saves borrowers time and money. Jimmy Pease and his wife, Amanda, who are clients of Click N Close had this to say about USDA's SCC product; "Our experience was our first time buying a home. The process was mostly handled by Click N Close and Sonya (with Smith, Brody & Associates). We were just asked to provide documents. They did all the hard work. The one time closing saved us money and headache. We met one time to sign everything, and it was done. Amanda Wagner, Account Executive with Click N Close, was very helpful to answer any questions we had about how this all worked. Everyone was super friendly and knowledgeable. I would highly recommend the one-time close loan to anyone. It saved our neck when the interest rate kept going higher, we were able to lock it in at the lower rate and not have to sweat just how high it would eventually reach. Without this type of loan, we may not have been able to afford our new home!"



Figure 1: Jimmy Pease and wife, Amanda

Sonya Broady, owner of Smith, Brody and Associates who is a correspondent lender with Click N Close, assisted the Pease's with their loan. "We love the one-time close program. It is a fabulous program for our clients. An opportunity for a brand-new home that they would not have otherwise. The client I recently assisted lived in an older double-wide on land they were purchasing. The double-wide was to be torn down once their new home was finished. So needless to say, they were so appreciative of their new home! When their land and new home was appraised, they had quite a bit of equity before they even closed."

USDA issues a guarantee before construction even begins. One of the biggest lender benefits of the single-close program is the fact that USDA provides the loan note guarantee at loan closing, before the first shovel ever goes into the ground. The issuance of the loan note guarantee prior to construction significantly reduces risk for lenders, investors, and builders.

USDA Single Close Construction helps to make your applicant's dream of homeownership a reality. For many low to moderate income homebuyers, finding financing in a rural area can be difficult. The USDA Single Close Construction loan can save homeowners both time and money through simplified financing. The SCC loan offers up to 100% financing, which may cover everything that is associated with the home build. Kecia Crosley and her



Figure 2: Kevin and Kecia Crosley and their children Evan, John, Alex and Grace

husband, Kevin used the SCC product through their lender, 1st Signature Lending. "Building a home can be stressful, but with the help of Kayla at 1st Signature Lending our loan process was seamless! With her expert guidance we obtained a USDA (construction) loan and were finally able to build our dream home. We are forever blessed and thankful to have had this experience."

"The USDA Single Close Construction loan is one of the best loan programs available in the marketplace to assist us in making the dream of homeownership possible for this family and many others just like them across the country.", Joe Willing, SVP and Chief Operating Officer of 1st Signature Lending.

Don't sleep on what many of our lending partners are using to increase their USDA SFH Guaranteed Loan portfolio! To learn more about the [Single Close Construction](#) loan product go to our [SFH Guaranteed Lender](#) webpage or visit us at www.rd.usda.gov