Fannie Mae

Single-Closing Construction to Permanent Financing

Put new construction within your borrowers' reach



A single-closing Construction-to-Permanent (C-to-P) loan converts from a construction loan to a mortgage once the construction is complete using only one closing, making it convenient and affordable.

Save borrowers time and money

With a single-closing C-to-P transaction, borrowers only have to pay for (and be present for) one closing to cover both the construction and the purchase.

Lock in the interest rate

The single-closing C-to-P loan allows borrowers to lock in their permanent interest rate when they close. If interest rates drop during construction, they may be able to receive a lower interest rate when the loan is converted to a permanent mortgage.

Finance projects of any size

Whether a borrower is tearing down an old home to build a new one, or purchasing a new manufactured home, C-to-P loans allow them to build customized solutions at any scale.



Learn more about C-to-P loans at fanniemae.com/constructiontoperm

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Single-closing Construction-to-Permanent financing

Conversion	Loan converts to a permanent long-term mortgage upon completion of construction	
Maximum LTV	95% (see Eligibility Matrix)	
Loan revisions	When construction is complete and loan converts to permanent mortgage, lenders can modify: • Interest rate • Loan amount • Loan term • Amortization type (ARM to fixed-rate only)	
Home eligibility	Eligible homes include site-built single-family homes and manufactured homes	
Available for purchase or refinance	**Purchase:** The borrower is not the owner of record of the lot at the time of the first advance of interim construction financing.	**Limited cash-out refinance:** The borrower is the owner of record of the lot at the time of the first advance of interim construction financing.
Delivery requirements	Eligible for delivery only after construction is complete Use Special Feature Code 151	

FAQs

May a borrower do a single-closing transaction when the borrower would like to tear down an existing house on the borrower-owned lot and build a new home?
Yes. There are no restrictions on tearing down existing structures to rebuild. The loan cannot be sold to Fannie Mae until the construction is completed and the terms of the construction loan have converted to permanent financing.

May a borrower finance a construction loan and a second mortgage taken for cost overruns as a limited cash-out refinance (LCOR)
Yes. The lender must document that the proceeds of the second mortgage were only used to pay for the cost of construction.

Is it possible for a borrower who started a single-closing transaction as an LCOR to change to a single-closing cash- out refinance?
No. Single-closing transactions are only for purchase or LCOR. However, if the borrower wants to convert the transaction to a two-closing transaction and they meet the criteria for a cash-out refinance under the two-closing transaction guidelines, then it would be acceptable to restructure the transaction to accommodate the request. To be eligible for a cash-out refinance, the borrower must have held legal title to the lot for at least six months prior to the permanent loan closing.

Visit fanniemae.com/constructiontoperm for more information about Construction-to-Permanent financing, including two-closing transactions.

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