

First Build Advantage

Start a first build with a practical execution plan.

FIRST-TIME BUILDER ROUTE | 85% LTC / 65% ACV

Who it is for

Sponsors without completed construction projects who need an eligible first-time-builder route. The flyer opens a starting point for review, rather than replacing the need for a capable contractor, adequate funds and a project the team can reasonably deliver.

Ideal projects and transactions

An understandable residential project supported by a qualified construction team and an achievable schedule. Separate your own role from the general contractor’s responsibilities. Explain any relevant renovation, development, management or professional experience without presenting it as a completed ground-up build.

Experience, credit and liquidity

The flyer lists $2 million capacity, an indicated credit screen of 650, up to 85% total LTC and 65% ACV. Other qualifications require review. These lower leverage screens should not be substituted with the more experienced builder program’s maximums. Prepare cash-to-close and post-closing liquidity separately. Disclose partner or borrowed funds and other active project obligations. The flyer does not establish a universal reserve or completed-project requirement.

BRING THE COMPLETE BUILD SCENARIO

Land + plans + budget + builder + completed value + exit

Subject to underwriting. Not a commitment to lend. Images are AI-generated and illustrative.

First Build Advantage | Planning guide

Leverage and completed-value framework

LTC compares the loan with the lender's accepted project cost. ACV is the supported after-construction value; a percentage cap limits the loan relative to that value. The lower applicable constraint can govern. For illustration only, a $1 million eligible cost at 90% LTC implies $900,000, but a $1.2 million completed value at a 70% value cap implies $840,000 before other conditions. Neither calculation establishes approval. Confirm land valuation, eligible fees and any interest reserve before estimating the amount available at closing.

Program-specific execution planning

Confirm how the lender evaluates the sponsor and contractor together. Document the contractor's similar projects, licensing where required, insurance and ability to support inspections and lien waivers. Ask what changes if the contractor must be replaced after closing.

Construction funding and draw mechanics

Construction funds are usually advanced in stages rather than paid in full at closing; confirm the actual structure offered. Request the inspection process, draw turnaround, documentation, charges, retainage and lien-waiver requirements. Ask whether reimbursement follows completed work and whether deposits or stored materials qualify. Maintain enough working capital to bridge invoices and draws. A budget increase or scope change needs review before funds are assumed available. Confirm how interest is calculated on advances and how any funded interest reserve affects the remaining commitment.

Property, location and permit considerations

Confirm zoning, legal access, utility capacity, surveys, site conditions and permit readiness. Flag demolition, grading, drainage, environmental concerns, flood exposure and unusual construction methods early. Land ownership or a contractor proposal alone does not establish a construction-ready site. Verify state and property eligibility before committing to a closing deadline. Assign responsibility for insurance, inspections and the approvals needed for a certificate of occupancy or its local equivalent.

Exits, contingencies and carrying costs

Choose the repayment path before closing: sale, rental stabilization and refinance, or another approved exit. Include financing costs, taxes, insurance, utilities and selling or refinance costs in the model. Stress a longer build, a cost overrun and a lower completed value. Ask about maturity, extension conditions and the funds needed if a sale or permanent loan is delayed. A future refinance, extension or full return of invested equity is not guaranteed.

Documentation to prepare

Start with the address, land acquisition date and basis, current value support, existing debt and requested loan amount. Add plans, permit status, a line-item construction budget, contingency, timeline, builder contract and completed-project history. Provide current photos for work already started and support for after-construction value. Include ownership/entity records, insurance plans and evidence of closing funds and reserves. Submit sensitive identity and financial documents through Karpata's secure process. Identify any information still being finalized rather than presenting a preliminary estimate as an approved item. Prepare a management plan for decisions, site oversight and change orders. Identify who will track invoices, request draws and handle permit inspections. A first project needs enough available capital to bridge reimbursed work and respond to problems without stopping the build.

Limitations and questions to resolve

All screens require borrower, property and program approval and may not apply together. Confirm the complete advance schedule, eligible costs, pricing, fees, guarantees, reserves, maturity and extension terms in writing. Program names do not establish eligibility for a property, borrower or construction stage. These are business-purpose investment options, not consumer home mortgages. Any permanent rental takeout requires its own underwriting. Final approved loan documents govern the transaction.

LET'S REVIEW YOUR NEXT CONSTRUCTION PROJECT

Request a quote | KarpataFinance.com | 480-846-1001

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