



Southern Virginia Regional
Housing **Summit**



Jim Minear
SVP, Lynchburg Market Leader





**Acquisition & Development
Summary and Case Study**

Developer Land Acquisition **items to address:**

- General - Understand your market (A&D and/or buildout)
- General - Supply & Demand (understand timeline)
- Project Capital Need
- Zoning/Special Use
- Engineering
- Bonding/Letters of Credit
- Utilities (Public Water/Sewer vs. Well/Septic)
- Financing

*Bank Guidelines: Total land development will be limited to 75% of the appraised, gross retail sell out value the subject lots, “as developed”; not to exceed 80% of the discounted value to a single purchaser. The acquisition and development will not exceed 85% loan to cost.





**Development
Progress!**

First National Bank Inspection Form



Application is made for Payment, as shown below, in connection with the Contracts Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM _____

2. NET CHANGE BY CHANGE ORDERS _____

3. CONTRACT SUM TO DATE (Line 1 + 2) _____

4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) _____

5. RETAINAGE:

A. 10% COMPLETED WORK	Not Applicable
(Column D + E on G703)	
B. 0% STORED MATL	Not Applicable
(Column F on G703)	

Total Retainage (Line 5a + Line 5b or Total Column I of G703) _____

6. TOTAL EARNED (Line 4 - Line 6) _____

7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificates) _____

8. CURRENT PAYMENT DUE _____

9. BALANCE TO FINISH, PLUS RETAINAGE (Line 3 - Line 6) _____

Borrower: _____

Property Address: _____

Loan# _____

Loan Amount - \$ _____

Loan Balance \$ _____

Inspector/Appraiser _____

Inspection Fee \$ _____

AIA DOCUMENT G702 * APPLICATION AND CERTIFICATE FOR PAYMENT * MAY 1983 EDITION * AIA * 1983 THE AMERICAN INSTITUTE OF ARCHITECTS, 1735 NEW YORK AVENUE, N.W., WASHINGTON, D.C. 20005

CONTINUATION SHEET DOCUMENT G703

AIA PAGE 2 OF 2

AIA Document G702, APPLICATION AND CERTIFICATE FOR PAYMENT, Containing Contractor's signed Certification attached. In tabulations below, amounts are stated to the nearest dollar. Use column I on Contracts where variable retainage for line items may apply

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED		F MATERIALS PRESENTLY STORED (NOT IN D OR E)	G TOTAL COMPLETED AND STORED TO DATE (D + E + F)	H % (G + C)	I BALANCE TO FINISH (C - G)	J RETAINAGE 0%
			FROM PREVIOUS APPLICATION (D&E)	THIS PERIOD					
004									
012									

013									
014									
030									
042									
043									
044									
045									
046	TOTAL								#DIV/0!

AIA DOCUMENT G703 - APPLICATION AND CERTIFICATE FOR PAYMENT - MAY 1983 EDITION - AIA - 1983 THE AMERICAN INSTITUTE OF ARCHITECTS, 1735 NEW YORK AVE. N.W., WA 99

AIA Form

*Inspections are completed per AIA Draw Schedule with Itemized Budget for Draws included on the Continuation Page.

Lot released based on an **accelerated** paydown, with 2 primary methods

- 75% acceleration (Bank gets an accelerated pay down to equate “getting out” of the Acquisition & Development Loan once 75% of the lots are sold (25% remaining would be unencumbered))
- Up to 125% of the cost per lot



Case Study (10 lots from 10 acres - \$100,000 total cost)

- Banks can lend up to \$85,000, with 75% gross retail sellout and 80% discounted value to a single purchaser being met
 - Loan to Cost - $\$85,000 / \$100,000 = 85\%$
- Lots sell for \$20,000 each (x10) = \$200,000 Gross Sellout Value (x75) = \$150,000
 - $\$85,000 / \$150,000 = 57\%$
- Discounted Value to a Single Purchaser = \$200,000 x 15% Indirect Costs/Entrepreneurial Incentive = \$170,000 Net Cost of Capital x 25% = \$127,500 Present Value of Annual Cash Flows
 - $\$85,000 / \$127,500 = 67\%$
- Payoffs
 - At 75% acceleration = $10 \times 75\% = 7.5$ lots = 7 lots → $\$85,000 / 7 = \$12,143$
 - Payoff at 125% of Cost = $\$85,000 \times 125\% \rightarrow \$106,250 / 10$ lots = \$10,625

Our **Local** Team



Shawn Stone
SVP, Chief Lending Officer

R.J. Weaver
SVP, Danville Market Leader

David Hawker
VP, Commercial Loan Officer



Southern Virginia Regional
Housing **Summit**



**Tracie
Gallahan**

SVP, Chief Revenue Officer





**Community
Reinvestment Act**



Mortgage Options:
Local, National and
Non-Traditional!



Down Payment **Assistance** Programs



**FIRST NATIONAL
BANK**



**Virginia
Housing**



Residential Construction

Our **Local** Team



Kevin Filiberto

*VP, Mortgage
Production Manager*



Jeff Walker

*VP, Branch Manager &
Mortgage Loan Originator*



Kathy Bane

*VP, Branch Manager &
Mortgage Loan Originator*

How can we **assist** you?

