



**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

FIRST NATIONAL BANK

Borrower:

Property Address:

Loan#

Loan Amount - \$

Loan Balance \$

Inspector/Appraiser

Inspection Fee \$

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

(Column D + E on G703)

B. 0% STORED MAT'L

(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)

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 1 on Contracts where variable retainage for line items may apply

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

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

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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 - $\$85,000 / \$100,000 = \mathbf{85\%}$
- Lots sell for \$20,000 each (x10) = \$200,000 Gross Sellout Value (x75) = \$150,000
 - $\$85,000 / \$150,000 = \mathbf{57\%}$
- Discounted Value to a Single Purchaser = $\$200,000 \times 15\%$ Indirect Costs/Entrepreneurial Incentive = \$170,000 Net Cost of Capital x25% = \$127,500 Present Value of Annual Cash Flows
 - $\$85,000 / \$127,500 = \mathbf{67\%}$
- Payoffs
 - At 75% acceleration = $10 \times 75\% = 7.5$ lots = 7 lots ➡ $\$85,000 / 7 = \$12,143$
 - Payoff at 125% of Cost = $\$85,000 \times 125\%$ ➡ $\$106,250 / 10$ 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



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?

