# Construction Loan Agreement

This agreement is hereby entered into on this date, [Click here to enter date] by [Lender name] and [Builder Name] for the purpose of confirming the terms and conditions of a loan being granted by the lender to the builder.

|  |  |  |
| --- | --- | --- |
| **[Lender name]**  [Address line 1 Address line 2 Address line 3]  Tel: [Telephone number] |  | **[Builder name]**  [Address line 1 Address line 2 Address line 3]  Tel: [Telephone number] |

Both parties agree to the following:

## Preliminary Statement

1. The builder has applied for a loan which the lender has agreed to grant.
2. The loan shall be used for the construction of a structure on a property, the particulars of which shall be set forth in a schedule attached to this agreement, to be completed within 12 months from this date: [Date here]

## Representations and Warranties

1. The builder is authorized to accept this loan and is qualified to work in the state wherein the construction will take place.
2. The builder is not under default or in breach of any other agreements which may conflict with the obligations in this agreement.
3. All necessary compliance with law and approvals have been met which allow construction to commence.
4. All financial statements submitted to the lender are correct.

## Covenants

1. Construction and development on the property shall be in compliance with approved plans. All reports and similar matters shall comply with all ordinances, laws, restrictions and codes.
2. The construction shall commence within two weeks of the date listed in this agreement. The construction shall commence without delay until completion of the approved plans.
3. The loan will be used for the sole purpose of paying costs which are directly related to the construction project.
4. The lender and agents may at any time inspect the builder's records relating to the construction and the project itself.
5. If a dispute arises between builder and lender regarding the construction plans, it may be settled by an architect chosen by the lender and paid for by the builder.

## Disbursement of Funds

1. The lender shall disburse the funds according to the schedule attached to this agreement.
2. The lender may choose to disburse the funds at its discretion through a mortgage company, directly to a subcontractor, or through a title insurance agency.

## Default

1. If the builder fails to repay the loan on its due date, this will constitute a default.
2. If the builder violates any terms in this agreement, this will constitute a default.
3. The occurrence of any danger or impairment to the property, and consequently negatively affecting the loan repayment, may constitute a default, all at the lender's discretion.

The undersigned have read this agreement and agree to abide by its terms:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Lender | | |  | Borrower | | |
| [Lender name] | | |  | [Builder Name] | | |
| Name of Signatory: | |  |  | Name of Signatory: | |  |
| Date: |  | |  | Date: |  | |

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