

**Date:** [Insert Date]

[Borrower Name]  
[Borrower Address]  
[City, State, Zip Code]

**Re: Commitment Letter for Construction Financing - [Project Name/Address]**

Dear [Contact Person Name],

[Lender Name] ("Lender") is pleased to advise you that it has approved your request for a construction loan (the "Loan") to [Borrower Name] ("Borrower") for the development of [Project Description] located at [Project Address]. This commitment is subject to the following terms and conditions:

- 1. LOAN AMOUNT:** A maximum principal amount of \$[Insert Amount].
- 2. PURPOSE:** To finance the hard and soft costs associated with the construction of [Project Name].
- 3. INTEREST RATE:** [Insert Rate, e.g., SOFR + Margin]% per annum.
- 4. TERM:** [Insert Number] months, with [Number] extension options of [Number] months each, subject to conditions.
- 5. REPAYMENT:** Interest-only payments due monthly. The entire unpaid principal balance and accrued interest shall be due at Maturity.
- 6. COLLATERAL:** The Loan will be secured by a first-priority mortgage/deed of trust on the real property, an assignment of leases and rents, a security agreement covering all personal property, and an assignment of all construction contracts, plans, and permits.
- 7. GUARANTY:** [Name of Guarantor(s)] shall provide an unconditional guaranty of payment and a completion guaranty.
- 8. CONDITIONS TO CLOSING:** Closing is subject to the following:
  - Execution of definitive loan documentation satisfactory to Lender.
  - Review and approval of final plans, specifications, and construction budget.
  - Receipt of a valid building permit.
  - An appraisal showing a Loan-to-Value (LTV) ratio not exceeding [Percentage]%.  
• A marked-up title insurance commitment and a current ALTA survey.
  - Evidence of required insurance coverage.
- 9. FEES:** A commitment fee of \$[Amount] shall be payable upon acceptance of this letter.

**10. EXPIRATION:** This commitment shall expire if not accepted by the Borrower in writing by [Insert Date].

Sincerely,

[Lender Name]

By: \_\_\_\_\_

Name: [Authorized Signatory]

Title: [Title]

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**ACCEPTANCE:**

The undersigned hereby accepts the terms of this Commitment Letter.

[Borrower Name]

By: \_\_\_\_\_

Date: \_\_\_\_\_