

MLTA 2025 Fall Ed - Thursday
Understanding & Insuring Construction Projects

This presentation will address construction projects from both the lender perspective and the title company perspective. We will discuss how lenders analyze and underwrite various types of construction loans and then review the title insurance underwriting considerations that go into providing the lender with its required coverages. Topics covered will include basic construction loans, construction to permanent financing arrangements and common mistakes which lead to mechanic's lien title claims.

- I. **Introduction and Background** – Chris and Adam

- II. **Construction Loans from the Lender Side** – Chris
 - A. Construction Basics
 - 1. Plans

 - 2. Costs

 - 3. Choosing a Builder

 - 4. “Self-Built”

 - B. Financing
 - 1. Land Purchases

 - 2. Construction Loan Process

 - 3. Inspections

 - 4. Draws

 - 5. Terms

 - 6. End Loan Options

 - C. Title Insurance Coverage

III. Construction Loans from the Title Side – Adam

A. Montana's Construction Lien Statute

B. Identifying Construction Loans

C. Available Title Insurance Coverage

1. ALTA 32 and 33 endorsements

D. Underwriting Mechanic's Lien Coverage

1. Project Documentation

2. Indemnities

IV. Construction to Permanent a/k/a One-Step Loans

A. Life Cycle of Construction to Perm Loans – Chris

B. Insuring a Construction to Perm Loan – Adam

1. Setting up the Commitment

2. Endorsements

V. Mistakes and Claims

A. Common Mistakes – Chris

1. Builder

2. Planning

3. Finishes

4. Overages

B. Mechanic's Lien Claims – Adam