Temple View

UNDERSTANDING LOAN-TO-COST (LTC)

Loan-to-Cost (LTC)

A financing ratio that lenders use to determine how much they'll lend relative to the total cost of a project—the full investment required to complete it.

FORMULA

$$\text{LTC} = \frac{\text{Loan Amount}}{\text{Total Project Cost}}$$

Total Project Cost Typically Includes:

Purchase Price

The cost to acquire the property.

Renovation / Construction Costs

Labor, materials, and all improvements needed to complete the project.

Soft Costs

Permits, architectural and engineering fees, financing costs, inspections, and other project-related expenses.

Why LTC Matters:

Loan-to-Cost helps lenders evaluate the overall risk of financing a construction or renovation project.

Higher LTC = Greater Risk for the Lender

Contact Us to Secure Financing

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