



HOME
CONSTRUCTION
GUIDE

TLC Community
Credit Union
Community Owned. *Always!*



HOME CONSTRUCTION GUIDE

FIND YOUR LOCATION



When you start thinking about building a new home, one consideration should be location.

- Will the property have added utility expenses? Things like septic system versus city sewer, city water or a well, propane versus natural gas? What additional expense will you have going with one option over another if only one is offered?
- Does the property have any special zoning requirements? Are there limitations or restrictions as to what you can build on your site, size of your home, additional buildings, livestock allowed, etc.

CREATE A PLAN



Now that you have an idea of what your ideal location will be, you need to form a plan to get there. There are many things to consider with a new home including the style, size, and how much it will cost. You will need to consider what you can afford, both for a monthly payment and what you have saved for down payment and/or closing costs. You will also want to choose a licensed builder who can help you through the home building process.

- Get pre-approved. You can contact TLC Community Credit Union and speak with a mortgage loan officer to determine how much you are pre-approved for. By taking this step, you will have a better idea of your estimated monthly mortgage payment and expenses could be. Your builder will have a better feel of what style and size home can be built.
 - When you sit down with your loan officer, they will help break down the cost of the principal and interest payment and have an educated guess on what taxes and insurance might be. This will give you an estimated total payment for your budget.
 - Your mortgage loan officer will also help guide you through the construction process so that you know what to expect as you begin the construction process.
- Research your style. Visit websites, builder shows, magazines, design plans, virtual home tours, etc to have an idea of how you want your home to look, inside and out.
- Research Builders.
 - Your builder will play a major role in your home build. You want to make sure they have a good reputation. Check around with friends and family that have built homes, lumber yards, online reviews, etc.
 - You will need a price quote for the project, and you may decide to compare the estimate against another builder.
 - You will want to clarify if the agreed and signed estimate could change if the material costs increase?
 - You may also ask for referrals or see if they have house that you can tour.

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FINANCING YOUR CONSTRUCTION



TLC Community Credit Union offers a one-time close on our construction loans. This means there is only one closing and one set of closing fees. Below are details of our construction program.

Construction Loan Details:

- As little as 5 percent down with PMI
- Converts into a principal and interest mortgage after construction
- Up to 12-month construction period
- Fixed rate locked at time of application
- Interest only payments during construction
- One-time closing
- Builder's Risk Insurance required
- Inspections per draw
- 15, 20, 30-year amortization terms
- Max of 5 draws during

CONSTRUCTION LOAN ELIGIBILITY



Minimum Credit Score: 700

Maximum Loan to Value: 95% (Over 80% LTV requires PMI)

Must use licensed builder

Terms:

- Fixed interest rate during construction and mortgage phases.
- Rate will be locked prior to closing.
- Construction Phase: Up to 12 months interest only during construction phase
- 10, 15, 20, or 30 year amortized terms available

Eligible properties: Primary or secondary/vacation homes, Single Family Homes, Modular Home Acceptable, No Manufactured or Condo.



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HOW TO APPLY



We will need personal information from you. You may apply online, in person or over the phone with one of our mortgage loan officers. Below are examples of what we will need from you.

- Completed application
- Photo ID
- Proof of Income – most recent 30 days pay stubs, W2 or Federal Tax Returns for the last two years
- Proof of Assets – two months of bank statements or investment accounts (all pages required even if blank), recent retirement statement (all pages required even if blank)

Once you are pre-approved, have your property location, and have your builder we will require additional documentation to proceed with your loan. Below are examples of documentation we may require from you.

- Survey of the property you own or wish to purchase
- Blueprints of the proposed home
- Specifications of the home (gives greater detail of materials used for home)
- Legal description of property
- Purchase agreement (if you are buying the property and financing the construction at the same time)
- Property tax bill for land
- Copy of homeowners insurance estimate (based on completed project)

DETERMINING YOUR FUTURE HOME'S VALUE



Before your construction loan can be finalized, we must establish your future home's value. This will determine down payment, if applicable, and ensure that the cost of the completed home aligns with the value.

To determine the value, we will need the following from you:

- Signed construction agreement.
- Blueprints. We will base the appraisal on your blueprints, so these should be your final copy.
- Specifications. We will need to know what the home specifications will be. Your builder can provide this to you.
- Legal description, survey, or deed. We will need the property information so that the appraiser knows where the property is located.

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FINALIZING YOUR CONSTRUCTION LOAN

There are a few steps left to close your construction loan.

- Underwriting will review your income and assets
- Review Appraisal – value
- Review title work and sworn statement from builder
- We will need evidence of the builder’s risk insurance to be provided prior to closing. This protects you from having building materials stolen, vandalism or fire while on your property.
- Receive a clear to close. This is the final step to close the construction loan and begin the construction phase of your project.



AFTER CLOSING, CONSTRUCTION PROCESS

- Your contractor will submit a notarized sworn statement for each draw request. They will submit the request to your title company who will notify TLC
- A property inspection will be completed to verify progress of build
- The title company and TLC will review the draw request and property inspection
- TLC approves the draw request and the title company issues endorsement
- TLC will issue a check
- Contractor secures lien waiver(s) prior to next draw
- A mortgage location survey will be completed after closing to verify the foundation is within boundary lines
- Once construction is complete and an occupancy permit received, a loan modification will be completed to change loan from construction to a final principal and interest mortgage
- Homeowners insurance policy active
- Option for escrow available

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