SINGLE CLOSE CONSTRUCTION TO PERMANENT **FINANCING**

Construction Lending
A Roadmap to Building Your Home

Subject Property Documentation Requirements	
Copy of recorded deed (proposed deed and/or sales contract if purchasing)	
Copy of most recent recorded survey/plat	
Sewage disposal	▪ Copy of percolation test, if a new septic system is to be installed ▪ Copy of septic inspection, if utilizing an existing system ▪ Documentation of public sewer access, if applicable ▪ Local Health Department is the best source for guidance/direction
Water source	▪ Well - if new, copy of feasibility/cost estimate information from driller ▪ Public - document accessibility, if applicable ▪ If a shared well, document agreement for use, maintenance, etc. • Documented in subject property deed and/or recorded shared well/water agreement • Agreement must convey with future change of ownership
Legal access	▪ Frontage on a state-maintained road should be evident on the subject property survey ▪ If the property does not front on a state-maintained road, proof of right of way is required to document legal access for ingress and egress ▪ If shared access with other property owners, document agreement for use, maintenance, etc. • Agreement must be in writing, recorded, and convey with future change of ownership
Copies of covenants/restrictions and Homeowner Association (HOA) documents, if applicable	
Documentation that zoning law setback requirements are satisfied	▪ Typically documented with an update to the survey once footers/foundation are in place (Note: new driveway entrance may also be located on the updated survey)
If a 2nd home, a signed Letter of Intent stating that it will be occupied as 2nd home, and if rented it will be only part-time with no use of a rental agency/property management company	

NOTE: Additional/updated documentation may be required based on the acceptability of the information provided

Builder Requirements

The general contractor must be Class A if the project/contract is $150,000 or more

If someone other than a licensed general contractor (including self-contracting/self-build), the following is required	▪ Documentation supporting the qualifications and experience to oversee the project, including but not limited to current or past employment in a construction field or previous construction experience ▪ Complete cost estimate including materials and sub-contractor bids ▪ Proposed draw schedule ▪ References may be required ▪ Based on the information provided, DCCU will determine whether the proposed person is acceptable to act as the general contractor

Building Permit

DO NOT obtain the building permit until a mechanics lien agent is in place

If a new entrance, the subject property entrance approval should be approved by the authority issuing the building permit

Pest/Termite Prevention

Provide either termite shield or chemical soil treatment documentation

Must be provided prior to final loan disbursement

Property Insurance

Builder's Risk of Homeowners insurance required	▪ Coverage at a minimum must equal the loan amount and include coverage for fire, theft, vandalism, builder's risk, and replacement cost ▪ DCCU to be named as 1st mortgagee on the policy
General Liability insurance required	▪ Provided by builder or member ▪ Minimum of $300,000 per occurrence ▪ If provided by builder, a general policy of $1,000,000 or a broad form liability endorsement

Specifications and Plans

Required as follows regardless of who manages the project	▪ Specs and plans drawn to scale ▪ Detail sufficient to accurately reflect both the nature and character of the home ▪ To include basement/foundation plan, floor plan, wall sections, and elevations ▪ To include materials listing and cost estimates that cover all aspects of the build

Construction Contract

Signed and dated, to include the following:	▪ Clear statement outlining the responsibilities of each party
	▪ Date the work begins, and the date to be completed
	▪ Cost to build
	▪ Draw schedule to include (maximum of 6 draws allowed)
	  • Estimated draw amount
	  • Stage of completion for each draw

NOTE #1: DCCU must be agreeable to the proposed draw schedule
NOTE #2: Though not required, it is preferred that the contract is a standard American Institute of Architects (AIA).

Modular & Manufactured Home Construction Requirements (additional)

Home purchase order or contract

Member responsible for down payment due when ordering the home

A draw from the loan proceeds issued to the modular or manufacturing company on the day of delivery to the building site

Funds disbursed as work completed based on draw schedule, supported by satisfactory inspections

Proof of general liability insurance from the modular or manufactured home transit company noting either home company or member as loss payee

Proof of general liability insurance from the crane company responsible for lifting and placing the home on foundation

Licensed Class-A contractor with experience in placement and attachment of modular and manufactured homes (usually a representative of the company)

Self-contracting may be allowed for the remainder of construction if the member has been deemed qualified in accordance with self-contracting requirements

Log Home Construction Requirements (additional)

Licensed Class-A contractor with prior log home construction experience

Member's funds are required up front to place and order the log home kit

Balance due at delivery of the log home kit may be disbursed from loan proceeds
From this point forward funds are released after work has been completed

Draw Disbursements

Maximum of 6 draws

Draw disbursements are made to align with the completion of work as detailed in the draw schedule

Funds are not released to pay for the next stage of construction, except as warranted with log/manufactured housing

Allow at least 7 business days from when a draw request is made to when the funds are released to allow for an	▪ Updated property inspection ▪ Subject property title update ▪ Funds will be released via check to either the general contractor or self-contractor, as applicable

Final Disbursement

Will be made when the project is 100% complete

The following are requirements that must be satisfied prior to final draw disbursement	▪ Copy of occupancy permit ▪ Satisfactory final property inspection ▪ Copy of the termite soil treatment or equivalent if not already provided ▪ Satisfactory final property title update