

REQUIRED DOCUMENT CHECKLIST

From the Borrower

- Completed Application
- \$350 Application Fee (will be applied towards closing costs)
- Most recent pay stubs covering a 30-day period for each applicant
- Most recent two years of W2s for each applicant
- If Self-Employed – most recent two years of tax returns with all schedules, signed and dated (Personal and business if applicable).
- If retired, please provide the most recent award letters from organization providing the income, IRS W2 form, 1099 or the last two years Federal tax returns.
- Child Support or Maintenance – copy of recorded divorce decree and most recent 12 months of bank statements showing receipt of support.
- Asset Verification – most recent two months of bank or credit union statements showing the checking, savings, or retirement accounts listed on the application.
- Purchase Agreement on land if not included in construction contract or not previously owned.

From the Builder/General Contractors

Contract to include:

- Subject address and borrowers names on contract
- Builder's name, address, phone and license number on contract
- Total cost of construction
- Estimated start and completion dates
- Number of draws during the construction phase
- Statement addressing how overruns and change orders will be addressed.
- Signatures of all parties with the date signed
- Royal Credit Union Construction Loan Draw Agreement
- Plans and Specs (blueprints)
- Cost breakdown or our Sworn Construction Statement signed by contractor (You may request an electronic version of the cost breakdown).



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**HOME
CONSTRUCTION
LOANS**



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CONGRATULATIONS

Thank you for choosing Royal Credit Union for your construction loan. We are committed to make the loan process simple and easy for you and your contractor. Use the checklists provided in this brochure to assist you and your contractor with gathering the documents needed to process your loan.

We're here to help your story unfold the way you envision – in a newly constructed home!

MORTGAGE PROCESS

- Contractor submits complete package for review. Please see the "From the Builder/ General Contractors" checklist for document requirements.
- Borrower submits complete package for review. Please see the "From the Borrower" checklist for document requirements.
- Once the contract is approved, the file will be submitted into processing and the appraisal and title work will be ordered.
- The completed appraisal and supporting documentation will be submitted to underwriting for final approval.
- Upon final approval, the construction loan will be scheduled to close with a title company and construction of your home can begin.



SINGLE CLOSING CONSTRUCTION

Program Advantages

- One time close – construction and end loan financing included can save on closing costs with combined construction and end loan financing.
- Lien protection throughout
- Includes land, home or other improvements

Loan Facts

Program Types/Loan Terms:

- Only one title company closing with simple signature modifications once construction is complete.
- Conventional mortgage program for land and/or homes in Minnesota and Wisconsin.
- Construction loan financing is a 1/1 Adjustable Rate Mortgages (ARM).
- Conventional fixed rate products with various terms and 5/1 Adjustable Rate Mortgages (ARM) are available for end loan financing.

Available Property Types:

- Primary Residence 1-2 unit
- Second Home-1 unit

Interest rate:

- Construction rate is based on the 1/1 Adjustable Rate Mortgages (ARM) for the construction phase.
- Interest owing on the drawn loan balance is calculated at the construction rate and paid monthly during the construction phase.
- The construction rate is protected throughout the nine month construction phase.
- Final rate may be locked in when final draw has been completed.

Construction Terms

- Nine months

Construction Draw Process

- All draws are handled by a title company
- Draws are disbursed for work completed
- Number of draws can vary - four draws are typical.
- Progress inspections done during the construction phase by title agent or appraiser.

Financing

- Up to 90%* on Single Family Primary Residence
- Up to 85%* on Second Homes
- Up to 80%* on 2-unit Primary Residence

*Private Mortgage Insurance required on loan amounts in excess of 80% of the appraised value.

Costs

Total closing costs include a construction fee PLUS actual costs of appraisal, inspection fees, draw fees, title fees. Additional fees may be required on the modification loan.

Insurance during Construction:

Insurance policies covering both Builders Risk and Liability are required during the construction phase.

Please do not start any type of work (including removing trees) or have any materials or equipment on the property until the loan is approved and has closed. This may jeopardize Royal Credit Union's lien priority and the construction loan approval.