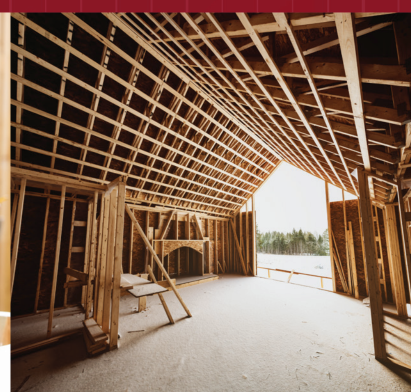
# Home Construction Road Map

## The guide to making home happen from the ground up






TDECU®
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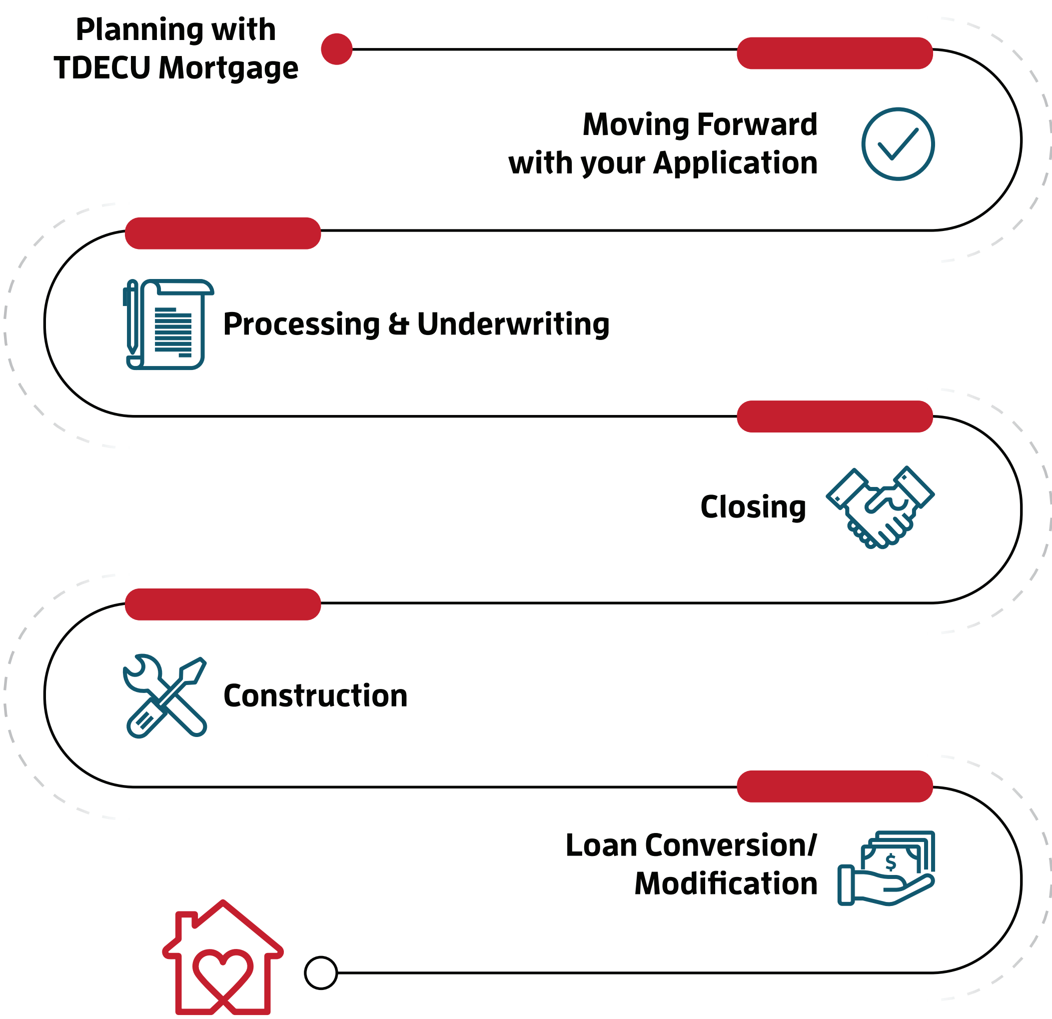
# Home Construction Road Map

This isn't just a new home, it's "the" home. The one you've been dreaming of forever. And to get it, you've got to build it – with TDECU Mortgage by your side.

The process of building and financing a new home is more complex than buying an existing home. It will take planning, teamwork and vision. We're mapping out the entire process to help you see what's ahead and how to get to your final destination – your dream home. We'll clearly outline what is required at each step along the way and give you our best guidance for keeping your construction project on track.



## 1 Planning

### During this phase, your Loan Officer will:

- Talk with you to learn more about your financial needs, review your credit report and discuss possible loan programs, documentation and payments required.
- Discuss timelines, project plan requirements, builder review and registration.

### ! Member Responsibility:

- Be prepared to provide information regarding income, assets, monthly debts, the property you wish to build on and any other real estate you own.
- Select your builder and house plans, then prepare to execute a construction contract with the builder.
- Confirm with your Loan Officer that the builder you've selected is qualified to do business with TDECU. If not, your Loan Officer will provide a Builder Package that your builder may complete and submit for a review.*

## 2 Moving forward with your Application

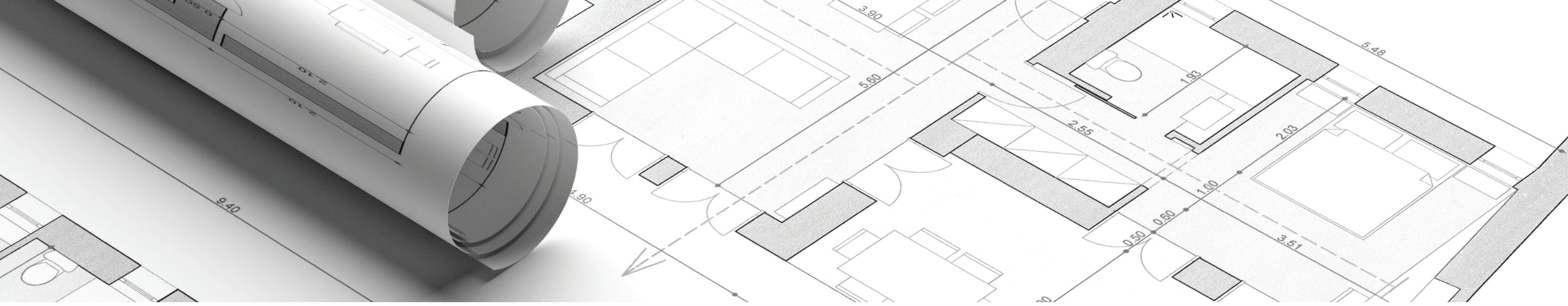
### During this phase, your Loan Officer will:

- Provide and discuss loan options that fit your needs and explain the interest rate lock and fee negotiation process.
- Review your loan application and relevant loan disclosures with you.

### ! Member Responsibility:

- Carefully review and return all signed loan documents.
- Shop for builders risk insurance if not provided by your builder.
- Provide all requested documents, new or updated, in a timely manner including:
  - Legal blueprints of the proposed home including floor plans, measurements, foundation, framing, roofing, electrical and plumbing plans.
  - Construction specifications along with a signed construction contract outlining the proposed project, total cost, responsibilities of each party and an estimated timeline of completion.
  - Builder's proposed draw schedule, which is a plan to indicate how the builder expects to utilize construction funds throughout the project.
  - Original surveys of the property, if available, and detailed bids for any work not included in the scope of your builder's construction contract.

*While TDECU does not endorse or promote any specific builder or contractor, we do conduct research in order to protect you and TDECU. This process includes a thorough review of your builder's experience, qualifications, reputation and financial stability and may take 2-3 weeks to complete depending on the level of cooperation from your builder. In the event your builder cannot be qualified to do business with TDECU, you will not be able to proceed with construction financing unless another builder is selected.



## 3 Processing & Underwriting

**During this phase, your Loan Processor will:**

- Order third-party services such as appraisal, title and flood zone determination.
- Let you know about any outstanding documentation needed from you and notify you once a final approval is obtained.

**! Member Responsibility:**

- Provide all documentation requested in a timely manner.
- Work with your Loan Processor to arrange for the property to be surveyed prior to closing and gather estimates for future surveys to be done after construction begins. If your property is located in a Special Flood Hazard Area, an elevation certificate will be required.
- Obtain detailed and accurate construction plans and specifications for appraisal.

## 4 Closing

**During this phase, your Loan Processor will:**

- Work with you and/or your builder to coordinate and schedule the loan closing.
- Let you know the amount of funds you will need for closing and explain payment options.
- Have a title/closing agent meet with you and your builder to sign your final closing documents.
- Deliver loan documents to the title/closing agent.

**! Member Responsibility:**

- Attend the closing to finalize closing documents.
- Provide payment for actual costs plus projected survey work (not including items such as insurance and escrow account deposits, which will be collected at modification in step 6).

## 5 Construction

**During this phase, your TDECU Constructing Lending Team will:**

- Arrange for inspection of the property during construction and prior to disbursement of any construction draws requested.
- Coordinate with you and your builder to administer and disburse draws according to the original draw schedule and budget during the processing phase. Please allow a minimum of three business days for the processing and disbursement of draw requests.

**! Member Responsibility:**

- Monitor your progress and budget and work to avoid late decisions that could result in increased construction costs.
- Insist on written change orders and pay for cost coverages from your own funds at the time of each change order.
- Notify your Loan Officer and Processor when you are approximately 30 days away from completion.

## 6 Loan Conversion/Modification

**When your project is complete, your loan will be modified to reflect final payment terms. At this time, TDECU will:**

- Have your Loan Officer work with you to lock in the final interest rate on your loan.
- Ensure your appraiser re-visits your property to confirm the home is ready.
- Have your Loan Processor work with you and the Construction Lending Team to arrange signing of final documents by you and your builder, contact you with the amount of funds needed for modification and explain payment options.

**! Member Responsibility:**

- Provide your insurance agent's contact information to your TDECU Loan Processor and coordinate with the TDECU Construction Lending Team to schedule the final appraisal and survey inspections.
- Provide any payment needed, typically for interest on the construction loan, prepaid insurance and escrow account deposits not collected at the construction loan closing.

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