

CONSTRUCTION LOAN TIPS



WHAT WE NEED

1. Complete set of improvement plans

- Complete floor plans that are adequately dimensioned.
- Building elevations — showing front, rear, and side views.
- Detailed set of plans/blueprints with elevations.
- Foundation plans — including sections of the various footing and stem
- wall types used unless adequately detailed in the specifications.
- Roof framing plan and structural — details adequately illustrating all elements of the structure.

2. Complete improvement specifications

- Copy of the construction contract and complete building specifications along with the contract price.
- Building specifications — to include materials with adequate detail for appraiser/inspector to assess value.



CONSTRUCTION DETAILS

Equity: Any owners' equity shall be funded by owners prior to release of funds by Central Texas Farm Credit.

Draws: There are typically four draws in a project. If more are required, please visit with your loan officer. Draws are not funded until invoices are provided and work is complete. **Central Texas Farm Credit is not obligated to honor more than one draw request during any 30 day period.**

Inspection: We require three main inspections.

1. All in-slab items are in place but prior to slab being poured.
2. Before sheet-rock is hung.
3. Final at completion of home.

These are not to approve quality of construction, only to control funds. Please notify us 72 hours in advance of the inspections. Central Texas Farm Credit reserves the right to require more if we deem it necessary for any reason.

Insurance: During the construction of improvements and until the completion and delivery thereof to owners, contractor shall obtain and maintain (a) worker's compensation insurance for owners and contractor (b) public liability insurance for owners and contractor including: contractual, products/completed operations coverage, automobile coverage and coverage for explosions, collapse and underground hazards and, (c) hazard insurance (builder's risk) with standard mortgage clauses attached, provide all risk coverage on the improvements including materials stored on the property or elsewhere and, if applicable, flood insurance, all payable to the parties hereto and any assignments hereof, as their respective interests may appear.

Change orders: Central Texas Farm Credit must be advised in writing of any material changes in the construction of the residence, whether deletions or additions, and the cost of said change. A copy of the change(s) should be attached to the letter and signed by the borrower and contractor. No changes shall be made without written consent of Central Texas Farm Credit. **The homeowner is responsible for the cost of any change order(s).**

WE DO NOT accept applications where construction has already started, or the security on where materials have been purchased or delivered to the security and allow multiple contractors.

This summary is intended to be for informational purposes only. All terms and conditions of the subject matter addressed in this summary are reference in further detail in the express language as contained in your Tri-Party Financing Agreement and Construction Loan Document package.