

# CONSTRUCTING YOUR NEW HOME

A Guide to help you navigate each step of your project



**SOUTHERN**  
**HOME LOANS**  
A Division of Goldwater Bank, NA NMLS# 452955



# WELCOME

## to Goldwater Bank, N.A. - Mortgage Division

Thank you for selecting Goldwater Bank, N.A. to finance your new home. We hope your home-building experience will be enjoyable, and we encourage you to contact us at any time during the process about the status of your loan, payments, or other questions you may have.

This brochure was designed to help answer questions you may have about your Single Close Construction-to-Permanent Loan.

It's divided into four sections that follow the timeline of your construction process:

**1 Getting Started:** Loan Settlement, Interest Payments and Reserves

**2 Building Your Home:** The Draw Process

**3 Completing Construction:** Final Draw Process

**4 Living in Your New Home:** Modification to Permanent Loan



# GETTING STARTED

## Loan Settlement, Interest Payments and Reserves



You've made all the decisions, you've signed the documents, and you're ready to start. What happens now?

This section answers questions about the structure of your loan proceeds and disbursements, interest charges associated with your loan, and any reserve accounts that may be set up for you.

### **Loan Settlement and Disbursements:**

When your Single Close Loan settles, Goldwater Bank, N.A. will set up the loan based on the charges outlined on your Closing Disclosure Statement. The loan amount will include:

- The funds held to build your home
- Funds used to purchase your lot or pay off your land, if applicable
- Closing costs, if applicable.

During construction, our Construction Department will maintain the construction administration and disbursement of your loan proceeds.

# GETTING STARTED

## Loan Settlement, Interest Payments and Reserves

### Interest Payments:

During the building process, you pay interest only. Payments are made monthly.

Interest invoices are emailed on the first business day of the month and are due by the 15th of the month. A late fee may be charged after that date. Interest payments should be made by check and mailed to the address in the statement.

The interest invoice represents interest accrued on construction funds used as of the last day of the previous month. You don't pay interest on funds until they are used.

### Reserves:

During construction some funds may be set aside or "reserved" for future, anticipated use, these may include the following:

- This account reserves funds for future escrow items, such as property taxes, hazard insurance premiums, or mortgage insurance.
- Because these escrow accounts cannot be set up until construction is complete and your loan is "modified" to permanent, many borrowers request this account in anticipation of funds needed.
- During the construction process, any insurance and property taxes due are your responsibility.
- Draw, Progress Inspection and Title Update fees.
- Title company modification fees.

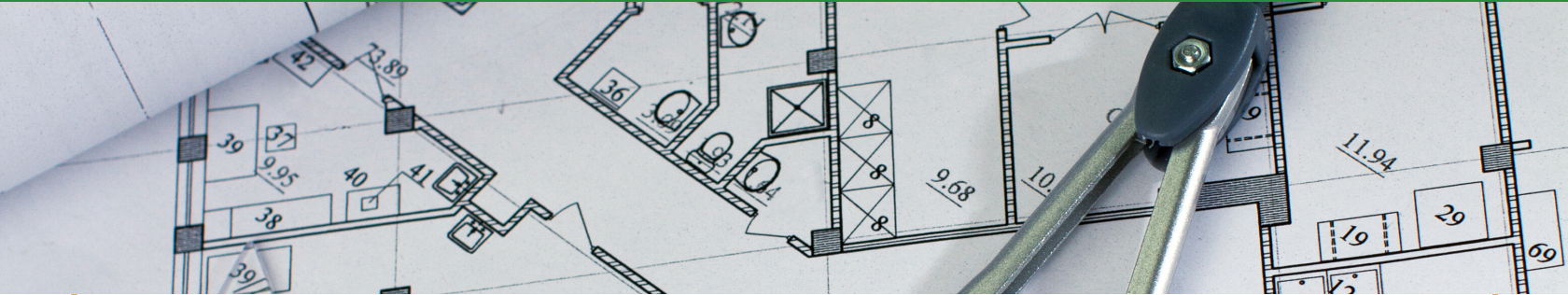
### Undisbursed Funds:

Any funds not used during construction will be applied at loan modification as a principal reduction to your loan and the loan then modified to the reduced amount.



# BUILDING YOUR HOME

## The Draw Process



While your home is being built, your builder will request “draws” as payment for each phase of construction. This is called the draw process. These draws are included in the terms of your Single Close Loan.

### Forms:

The draw process uses specific Goldwater Bank, N.A. forms that we have provided to you and to your builder in your Welcome Packets.

This primary form will be used for each draw request:

- ***Draw Request Form***, which identifies the amount requested

Your builder is allowed to make draw requests for completed work only, not work in progress or material draws.

### Payment Method:

You will sign a form at closing indicating authorizing us to disburse funds directly to the builder via wire transfer.

# BUILDING YOUR HOME

## The Draw Process

### Payment Timing:

After Goldwater Bank, N.A. receives a draw request from your builder, our Draw Coordinator will order an inspection of the property. The draw amount released to your builder will be based on the percentage completed from the line items requested. This draw process takes an average of 72 hours to fulfill.

### Payment Delays:

There may occasionally be a delay of the disbursement of funds due to special circumstances, such as delays from the inspection company.

**Please note:** *If your interest payment is delinquent (after the 15th of the month), the draw may not be released until the past-due payment is received in our office.*

### Change Orders:

If the cost of a change order exceeds the scope of your loan, you are responsible for providing funds to cover these costs. These additional funds are separate from loan proceeds; the loan amount cannot be increased to cover change orders or other additional costs.

### Insurance:

It is mandatory that Builder's Risk Insurance be maintained during the construction phase. If, at any time during construction, the required policies expire or are cancelled, it is your responsibility to see that the home is insured with no lapse in coverage.

### Builder Conflict:

If, at any time during the building process, any conflicts arise regarding your builder, sub-contractors, or suppliers, notify Goldwater Bank, N.A. immediately.

# COMPLETING CONSTRUCTION

## Final Draw Process

As your home nears completion and your builder has received the majority of the available construction funds, the final amount due is typically held for the Final Draw Process. This ensures the project is completed to your expectations and all the final inspections and certifications are complete.

Your builder's Final Draw Request is usually for the final retainage 5-10% of the contract amount. Because of the items required to verify completion of the building process, the final draw process may take more than the typical 72-hour turnaround for funds to be disbursed.

The items required by Goldwater Bank, N.A. to release the final draw to the builder may include the following (*depending on your home's location, not all items may be required*):

### **Date Down Endorsement:**

This is ordered by Goldwater Bank, N.A. from the title company to ensure no additional liens have been filed against the real property during the construction phase. If any liens are discovered, it is the responsibility of the borrower to clear any defects to the title prior to modification.

### **Final Survey:**

The final survey is usually ordered by the builder or borrower but can be ordered through a title company by Goldwater Bank, N.A. Final surveys may be required to ensure that no encroachments have been made to easement or build lines.

### **Final Inspection and a Recertification of Value:**

These will be performed by the original appraiser, who must certify that the project has been completed based on the plans and specs outlined in the original appraisal. A Recertification of Value may be required.



# COMPLETING CONSTRUCTION

## Final Draw Process

### Builder Docs:

These documents are printed by Goldwater Bank, N.A. and sent to the builder upon final draw request.

- The Builder must sign and notarize All Bills Paid Affidavit and Final Draw Form.
- You, as the Borrower, must also sign the Final Draw Form.
- These documents are the returned to our office. Original documents may be sent overnight or mailed to Goldwater Bank, N.A.

### Certificate of Occupancy:

The certificate may be provided by you or your Builder, if required by your city or county regulations.

### Well and/or Septic Certification:

If you have one or both of these, your builder should be able to supply the certification if required by city or county regulations.

### Homeowner's/Hazard Insurance:

Once construction is 100% complete, Goldwater Bank, N.A. requires evidence of a homeowner's policy paid one year in advance.

***Please note:*** Homeowners insurance must be in place prior to move-in or taking occupancy of the property.

# LIVING IN YOUR NEW HOME

## Modification to Permanent Loan



Construction is complete, and you are ready for moving day! The last step is converting your construction loan into a permanent mortgage.

### Requalification:

While a second closing (refinance) is not required, there may be an instance where you as the Borrowers must re-qualify for the single close loan depending on the loan type and final LTV. Your Construction Loan Specialist will advise if this applies to your loan prior to the loan closing.

### No Closing Required:

Your initial closing, prior to construction, is the only actual closing required with Goldwater Bank N.A.'s Single-close Loan. This means the documents you will sign at modification simply convert your construction loan into a permanent mortgage. This is done at the title company you closed at initially.

### Loan Modification:

Loan modification modifies the terms of the loan from the construction, interest only phase to the permanent phase.

### Loan Payment:

Your mortgage loan payment will be established based on the type of loan program and interest rate you have chosen. This is also when your escrow account will be set up (*if your loan requires escrows*) and a first payment date scheduled.

# LIVING IN YOUR NEW HOME

## Modification to Permanent Loan

### Modification Process:

Although your builder has completed the project and has received the final draw, the modification process must be completed before you move into your new home.

### Rate:

You must lock your permanent interest rate. If you locked during construction, this step is complete. If you have not locked, please contact your Construction Loan Specialist to discuss your lock.

### Document Signing:

Once your rate is locked, we will contact you to arrange a time for you to sign the modification documents.

### Funds Due at Signing:

Expenses due at modification may include the following:

- Construction interest due up to time of signing
- Pre-paid interest due on the permanent loan
- Escrow setup (*property taxes, insurance, and mortgage insurance*)
- Title policy modification fees
- Any shortages in the inspection fees
- Any unforeseen costs not paid from the initial closing



# QUESTIONS?

Please give us a call!

Your Construction Loan Specialist is available to help you throughout the construction process. Whether you have questions about the process, funding your loan, your rate lock--please let us know and we will get you an answer.

Any changes in your borrower information should be sent to our office in writing via fax, mail or email. Please include your loan number with your correspondence.

We appreciate your business and are committed to making your home building experience as enjoyable and stress-free as possible.

**Welcome to your new home!**



**Brandon Crysler**

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*Additional terms and conditions may apply. See Construction Loan Specialist for more details.*

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