



Construction-to-Permanent Financing Options



A guide to saving time and money by combining your land and construction into one loan.



■ Ready to Get Started?

Contact a Loan Officer when you are ready to get started. We're here to help any way we can, every step of the way.

We have just what you need to make your dream home a reality. With all that's involved, it's our goal to make the financing process as seamless as possible.



Ann Crocker
Mortgage Loan Officer
NMLS ID: 1251651
Mobile: 704-219-0493
ann.crocker@truliantfcu.org

Mortgage.Truliantfcu.org/AnnCrocker.html

Notes:



Equal Housing Lender. Available in NC, SC and VA only. Mortgages are offered and originated by Truliant Federal Credit Union (NMLS ID# 411251). All loans are subject to approval.

Transitioning to the Permanent Phase

Once the construction or renovation is complete, we'll need some information before we can disburse the final draw and move your loan into the permanent phase. Normally, this information includes the following but may vary depending on your particular loan:

- Final inspection noting 100% completion of construction
- Final title update, if applicable
- Certificate of Occupancy, usually provided by the builder
- Homeowner's insurance policy showing first year's premium paid

You will be asked to sign a Modification Agreement if any of the terms in your original loan change over the course of construction through the permanent phase. For example, if construction is completed before or after the total number of months specified in your closing documents, a Modification Agreement will be required to change the due date of your first permanent mortgage payment. Or, if you choose not to use your total loan amount, your loan will be modified to a lower principal amount.

Mortgage Payments

Congratulations on your beautiful new home! Once your loan transitions to the permanent phase, you'll begin making monthly principal and interest payments. We will send a detailed letter that includes a breakdown of your new principal, interest and escrow amounts.

Your mortgage payment will now include escrow for your real estate taxes and insurance unless a waiver was approved prior to locking in your interest rate. If you're in a flood zone, your flood insurance premium will now be included in the escrow portion of your permanent mortgage.



We get it. Life is busy, and loans are hard enough – especially mortgages. Add in new construction and a land purchase, and it can be even more complicated.

Truliant Mortgage is here to help. Our construction-to-permanent financing option makes moving into your dream home simple and easy. Conveniently combine your land and construction financing into one loan, and work with a Truliant Mortgage Officer who will work with you through the entire process, from the application through the final inspection.

This quick-reference guide will take you through our simple process to help you determine if a construction-to-permanent loan may be right for you.

What's Inside:

- *Benefits of Having Truliant's Help*
- *Getting Started*
- *What Happens Next?*
- *Closing Your Construction Loan*
- *What to Expect During Construction*
- *Transitioning to the Permanent Phase*

Benefits of Having Truliant's Help

With any new construction project, Truliant offers several options based on your needs. Whether you need to finance the land and the new construction on the lot; or you already own the lot and just need to finance the construction and mortgage – don't worry, we can roll that into one loan!

Even if you're renovating an existing home, you can still finance the renovation and mortgage with a construction-to-permanent loan from Truliant Mortgage.

Besides the ultimate convenience of one application, one loan and one closing for all – or any – of your land, construction and mortgage needs, there are many other benefits to a construction-to-permanent loan with Truliant Mortgage.

- With a construction-to-permanent loan, you are able to **lock your loan for a year with the option to extend for two 3-month periods, should your home take longer to complete. Fees may apply.**
- **Float-down options available.**
- You are not charged interest until funds are disbursed. Plus, you make **interest-only payments during the construction phase.**
- **Qualify once for your loan.** You don't have to apply, qualify, complete paperwork, or pay closing costs for two different loans.
- **Choose a fixed-rate loan or adjustable-rate mortgage (ARM)** for your permanent financing.
- **Recast option available** after conversion of your loan to permanent financing.
- **Close your loan as quickly as possible.**

What to Expect During Construction

Starting Construction (continued)

Disbursements will be made periodically throughout construction as work is completed and verified by inspection.

- Disbursement requests are typically made by the builder in the Built online tool
- We'll order an inspection upon receiving a disbursement request
- Generally, we'll disburse the funds within two business days of inspection receipt
- The disbursement amount is based on the work completed, as specified in the inspection report

When your home is under construction, you'll be billed monthly on interest on total funds disbursed up to that point.

As noted prior, we will not collect escrow for your real estate taxes or insurance. You'll need to pay these bills directly to your local tax authority or insurance provider as you receive them. However, we will set up an escrow account to collect flood insurance premiums if your property is located in a Special Flood Hazard Area as defined by FEMA.



What to Expect During Construction

Built

Built is a great online tool to help you manage the construction process. Using this tool, you and your builder will communicate, and you can coordinate draws and securely communicate with Truliant Mortgage while building your dream home.

We'll help you sign up for an account and activate your loan on getbuilt.com after your loan closes. You and your builder will receive further instructions via email from getbuilt.com to set up access.

Starting Construction

As your dream home gets closer to becoming a reality, it's time for your initial construction disbursement. If you paid construction or renovation funds out of pocket, you'll disburse these funds before using proceeds from your loan.

You'll need to provide the following documents, though, before we can make the first disbursement:

- As mentioned earlier, we'll need to see a certificate of liability insurance for the builder, as well as proof of hazard insurance. As a reminder, this can be in the form of a builder's risk or homeowner's insurance policy
- Building permit
- Foundation survey, if the foundation is already in place prior to closing
- Property inspection

Getting Started

Don't let all of the steps in the process scare you. Construction-to-permanent financing is a lot like a traditional mortgage. We'll review your income, assets, liabilities, credit history and any appraisals or valuations.

We'll also take a look at the plans and specs and review the contract.

You'll need to provide documentation to help you get the most out of your loan, and the process. Please have the following handy if they apply to you, and let us know if you have any questions:

- **Land deed or contract to purchase land** – If you don't own the land, we'll take a look at the contract to purchase it
- **Builder's contract** – Unfortunately, you can't act as your own general contractor. You'll need to partner with a reputable builder and monitor their progress throughout the process
- **Builder's details** – Contact information, business license, W-9, certificate of liability insurance
- **House plans and specs**
- **Builder's risk or homeowner's insurance policy**

Once you apply, you'll lock in your interest rate for land and construction. Your lock covers both construction and permanent phase.



What Happens Next?

Exciting right? Once we have your application, you'll receive several disclosures in addition to important information about your loan. Please read everything carefully as you'll have a few things to do to help quickly and successfully process the loan.

- We'll order an appraisal after we have the plans, specs and a fully executed contract between you and your builder.
- Make sure you provide any additional information needed promptly. Doing so will help us process your loan. For your convenience, we offer electronic signatures on most documents to keep things moving.
- Be sure to inform your loan officer or processor if you pay any additional fees directly to your builder while your loan is in process to guarantee that you receive proper credit for the payment at loan closing.



Closing Your Construction Loan

Closing your construction-to-permanent loan is similar to closing a more traditional mortgage. In addition, we will collect fees for various inspections that will take place throughout the construction phase. An escrow account will not be set up until the permanent phase of the loan.

In addition, we will collect a construction management fee that will cover the cost of various inspections that will take place throughout the construction phase. An escrow account will not be set up until the permanent phase of the loan.

Inspections are required prior to any draw disbursement.

