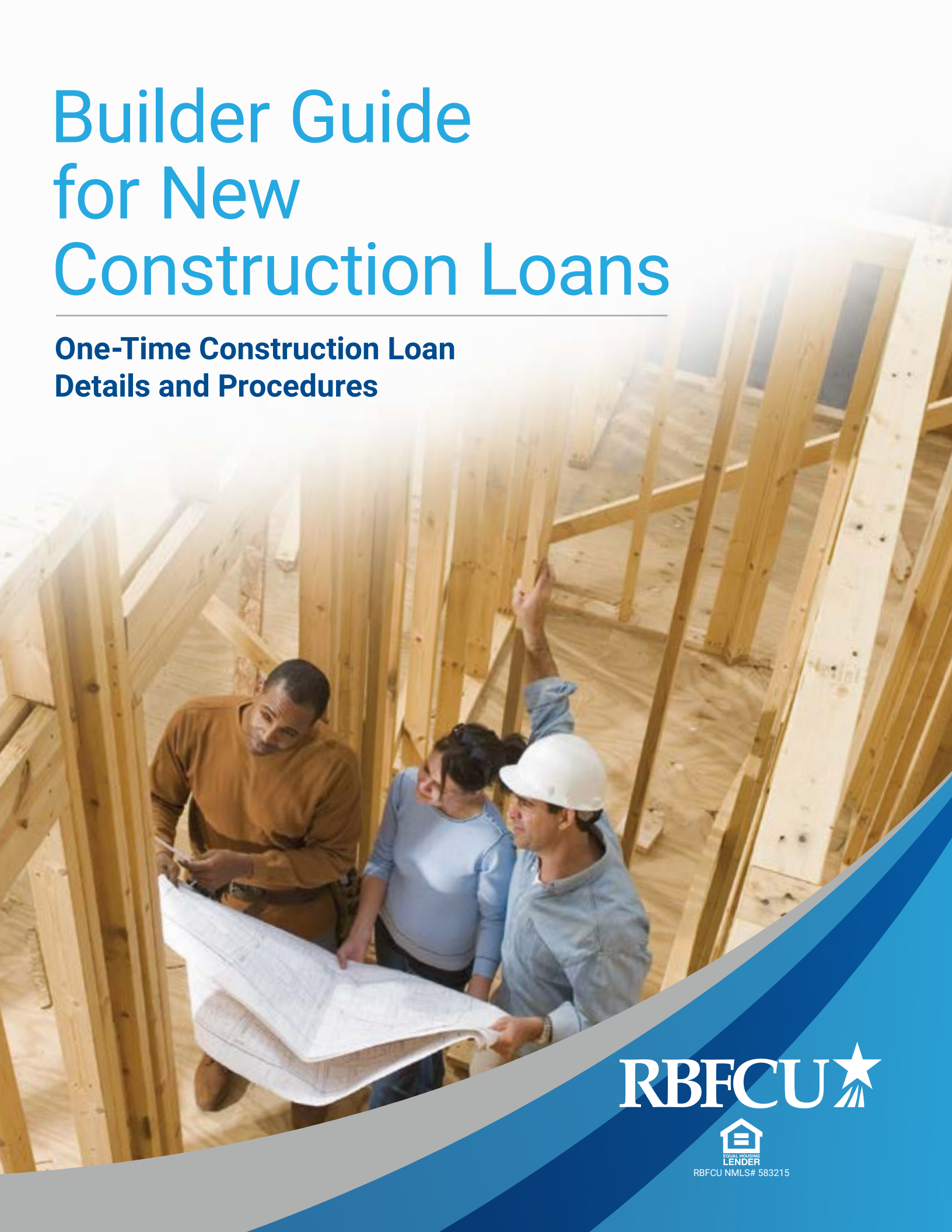


# Builder Guide for New Construction Loans

## One-Time Construction Loan Details and Procedures



**RBFCU** ★



RBFCU NMLS# 583215

### **Builder and Construction Approval Process**

During the member's loan application process, RBFCU will require the builder to complete our *Builder Profile and Questionnaire*. This will help us learn more about your company and processes. We will also require your company to provide entity documents to verify who has authorization to sign on behalf of the company as well as grant approval for us to pull a business credit report. The business credit report will give RBFCU the ability to review current and historical trade-lines as well as public records of your company. We will conduct a review of your company for acceptance as a registered builder which will be valid for 24 months. Recertification can be obtained every 24 months if all ongoing projects with RBFCU maintain a satisfactory record.

### **Contracts, Plans and Specifications**

RBFCU only allows FIXED-PRICE CONTRACTS (Cost-Plus Contracts are not approved). The construction contract should define the true cost of the home build, to include all budget items that are required to ensure the home is move-in ready upon completion. Other items that need to be identified include:

- **Permits** – responsible party
- **Well and Septic** – if applicable, must be included in the budget
- **Requirement of Retainage** – RBFCU requires that 5% of the total contract cost is held as final payment. Upon home completion, RBFCU will order the necessary inspections such as Final Survey and Final Inspection to be completed by the Appraiser. Once these items are returned and reviewed, the builder will be required to sign our *One-Time Close Affidavit of Completion* and the final draw will be funded.

Plans, specifications and contract for the respective build are required for the lender and appraiser. RBFCU will review the specifications page to ensure that all required items necessary to have a fully-built home have been included in the total cost of construction. The specifications page will provide the appraiser all of the relevant information regarding how and what will be used to build the home. Supplying as much detailed information as possible will help the appraiser better determine to the quality of the home being built.

Additional required items include: **General Liability Policy** and the **RBFCU Draw Schedule Template**. The General Liability insurance policy must be in effect, must maintain \$1,000,000 in coverage and must list RBFCU as a Certificate Holder. The RBFCU Draw Schedule will be provided to you in an Excel file so that you may edit all budget items and costs in accordance with your building process. The finalized RBFCU Draw Schedule (page 4) must be submitted by the builder using this template. It will serve as your draw request timeline throughout construction.



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### **Post-Funding**

Work can only begin (including delivery of materials) after our member's loan has funded and has been recorded by the corresponding county. It usually takes 3-5 business days, however some counties may take longer. Our member, or you as the builder, can contact us at [constructiondraws@rbfcu.org](mailto:constructiondraws@rbfcu.org) to confirm the recording status.

### **Construction Begins**

Once recording is confirmed, construction can begin! RBFCU will grant a 5% Soft Cost Draw (based on the total construction cost) which can be advanced to start the project. However, this must be formally requested on the draw schedule.

- Permitting, dumpster delivery and down payments to contractors for plumbing, concrete, etc. are frequently covered by the draw and don't have inspection requirements
- Any required down payment from the member must be made before an advance can be granted. The down payment will be held by RBFCU and will fund the draw requests as needed

***NOTE: The foundation cannot be poured until a surveyor inspects the forms that are placed on site detailing the footprint of the foundation. The survey must be reviewed and approved by RBFCU before proceeding. The Form Survey must include all easements, setback lines and must be performed using the title commitment.***

As construction progresses, the following process will apply to draw requests and subsequent funding:

- Builder submits draw request to member for approval (request must be made using the RBFCU Draw Schedule prepared and submitted by the builder and approved by RBFCU detailing each budgeted line item)
- Member must Acknowledge and Approve the draw request via email or signature
- Submit the approved request to [constructiondraws@rbfcu.org](mailto:constructiondraws@rbfcu.org)
- RBFCU requests an inspection be completed within 48-72 hours
- Funds will be deposited into member's account (minus any interest due if applicable\*) within 24 hours after the inspection report is received. Member will be responsible for supplementing any difference owed to the builder. Member can request a wire transfer to the builder for a \$15 fee. (Draw Authorization Form will be provided to both member and builder for review.)

\*Interest due is based upon member's outstanding balance along with the number of days in between draws.

# RBFCU Draw Schedule Template

This draw schedule template will be provided to you as an Excel file:



Building Company Name		Member:	
Building/General Contractor		Property Address:	
Building Company Address		Contract Price:	\$0.00
Phone #/Email Address		Loan	RBFCU Use Only
			RBFCU Use Only
			RBFCU Use Only

The contract price should be added in order to auto populate the % column on each budget item.

\*\*Draw requests of 50% of total budget can be made on custom fabrication and/or deposits (i.e. Framing Lumber package / Cabinetry / Counter-tops / Flooring / Tile with appropriate invoices) These items will not require an inspection.

Construction Stage (Description can be edited?)	%	Contract Amount	Draw #1	Draw #2	Draw #3	Draw #4	Draw #5	Draw #6	Draw #7	Draw #8	Draw #9	Draw #10	Remaining Balance	Completion Percentage RBFCU Use Only
		Date of Draw Request												
<b>RBFCU USE ONLY</b>		Interest Paid												
Slab Design/Windstorm Design	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Windstorm Ins/Builders Risk	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Builders Permit	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Utilities-Water	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Utilities-Electric	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Tap Fees/Sewer	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Scrape Lot	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Port-A-Can	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Windstorm Window Material	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Windstorm Window Cover	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Interior Clean Floors	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Exterior Clean Floors	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Install Fence Between Houses (Stone)	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Drywall Punch	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Paint-List Complete	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Interior Clean-Wipe Down I	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Interior Clean-Wipe Down II	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Windstorm-Final Inspection	#DIV/0!	\$0.00											\$0.00	#DIV/0!
Profit	#DIV/0!	\$0.00											\$0.00	#DIV/0!
<b>TOTALS</b>	#DIV/0!	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
<b>AGGREGATE BALANCE</b>			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Authorization/Approval														
Builder/General Contractor														
Date														

The construction-stage budget items included on the RBFCU Draw Schedule can be edited and adjusted to follow your standard building process for the subject home being built.

As you customize the budget items that meet the respective build, the totals listed at the bottom of the draw schedule should match the total contract price and the % should be 100%.

## Construction Ends

As completion nears, permanent financing arrangements need to be initiated. Since the construction loan is a One-Time Close, loan modification documents must be executed by the member and Builder to transition to permanent financing. Prior to executing these documents, the following must take place:

- A Final Survey needs to be completed when all flatwork (driveways, sidewalks, patios and other concrete work) has been completed to verify easement/setback line compliance (interior completion is not required). It can take a few days up to a few weeks depending on the surveyor's schedule so please notify RBFCU as soon as possible. Submit survey request to RBFCU via email: [constructiondraws@rbfcu.org](mailto:constructiondraws@rbfcu.org).
- Final Appraisal needs to be conducted to verify plans and specifications provided at the beginning of the project correspond to the finished home. Punch-list items are not required to be completed at that time. Submit request to RBFCU via email: [constructiondraws@rbfcu.org](mailto:constructiondraws@rbfcu.org).

During this final stage, draw requests may still be made by the Builder, however, we will retain 5% (based on the total construction cost) until the execution of the *One-Time Close Affidavit of Completion and Payment of Final Bills* by the Builder.

## **Member Draw Disbursement Authorization Agreement**

Option 1: I/We elect to have draw disbursements deposited into my/our RBFCU Savings or Checking (Account # \_\_\_\_\_)  
I/We further understand that it will be my/our responsibility to ensure all draw proceeds are paid to my Builder in full.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

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Option 2: I/We elect to have draw disbursements deposited into my/our RBFCU Savings or Checking (Account # \_\_\_\_\_) and transferred to Builder's RBFCU account\*. I/We further understand that it will be my/our responsibility to have funds available to cover all interest due on the day of the draw request so that the transfer to my Builder can be paid in full. Interest funds that aren't available in my/our Savings and/or Checking account can delay the transfer request.

*\*Builder to provide RBFCU Account details directly to RBFCU.*

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

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Option 3: I/We elect to have draw disbursements deposited into my/our RBFCU Savings or Checking (Account # \_\_\_\_\_) and wired to Builder's external account\*. I/We further understand that it will be my/our responsibility to have funds available to cover all interest due on the day of the draw request so that the transfer to my Builder can be paid in full. Interest funds that aren't available in my/our Savings and/or Checking account can delay the transfer request.

*\*Builder to provide RBFCU Account details directly to RBFCU.*

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

In authorizing and selecting an option above, it's agreed that all draw proceeds throughout the construction phase of your loan shall follow the designated request. In addition, it's also the responsibility of the member/borrower to notify and ensure agreement of the draw disbursement process with the Builder.