



YOUR GUIDE *to* HOME CONSTRUCTION



The MHV Guide to Home Construction





IT'S NOT JUST *any* HOME IT'S THE HOME

And that means you're building it from the ground up.

Like any project, a reliable partner is going to make all the difference. Construction projects can be stressful on their own – financing them shouldn't add to the worry. The Mid-Hudson Valley Federal Credit Union (MHV) Mortgage Team partners with you, helping you navigate the journey confidently. This guide walks you through the entire process from planning through closing.





PLANNING *your* PROJECT

You'd never build your new home on an unstable foundation – and your construction project should be no different. Consider the planning stage the foundation that helps the entire process progress as smoothly (and stress-free) as possible.

As you plan, the MHV Mortgage Team will work with you to:

- Learn more about your financial needs
- Review your credit report
- Discuss possible loan programs, documentation, and payments required
- Specify timelines, project plan requirements, and builder review.

Your Responsibility at this Stage

- Prepare documentation about your income, assets, debts, the property you're purchasing, and any other real estate you own
- Select your builder and house plans
- Prepare to execute a construction contract with your builder
- Confirm with the MHV Mortgage Team that your builder is qualified to do business with MHV. If not, we will provide a Builder Package for them to submit*

*While MHVFCU does not endorse or promote any specific builder or contractor, we do conduct research in order to protect you and MHVFCU. 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 MHVFCU, you will not be able to proceed with construction financing unless another builder is selected.



Preparing Your Application

It's time to apply! The MHV Mortgage Team will walk you through your loan options and help you identify which is best for you. There are a lot of components to understand – including rate locks and fee negotiations – that we'll review with you.

It is critical that you carefully review and return all signed loan documents. Any delay in providing documentation delays the application process. Keep in mind that you can contact us at any time throughout your application process with questions.

Your Responsibility at this Stage

Be prepared to provide:

- Plans and specs for the proposed home including floor plans, measurements, foundation, framing, roofing, electric, and plumbing
- Signed contract of sale with the builder outlining the proposed project, total cost, responsibilities of each party, and an estimated timeline of completion
- Signed estimates for any work not included in the scope of your builder's construction contract
- Builder's proposed disbursement schedule, which is a plan to indicate when the builder expects to receive funds throughout the project
- Original survey, prepared by a licensed surveyor, of the property. The survey should be certified to the applicant(s), your title company and to: MHVFCU, ISAQA, PO Box 1429, Kingston, NY 12402. Survey must indicate that all improvements will be within the perimeter of the lot lines and setback lines and within local zoning requirements. It must show the proposed foundation/ house, well, septic, and driveway.
- Elevation Certificate, if your property is located in a Special Flood Hazard area
- Building Permit
- Home Owners Builders Risk Policy



Processing and Underwriting

Your application is off and running! We will order third-party services such as the appraisal and flood zone determination. If there are any additional or outstanding documents, we'll reach out to you. And once a final approval is obtained, we'll give you a call!

Your Responsibility at this Stage

- Provide any required documentation in a timely manner

Closing

Congratulations! You're approved and ready to close. During this phase, the MHV Mortgage Team will schedule a loan closing with you. We'll deliver the loan documents to the title/closing agent and provide you with a Closing Disclosure when the closing date is scheduled. You'll also be notified of how much is due at the closing.

Your Responsibility at this Stage

- Attend the closing to finalize closing documents

Construction

It's time to build your home. The MHV Construction Lending Team will arrange for inspection of the property during construction and before disbursement of any requested construction draws. We'll work with you to coordinate and disburse draws according to the agreed-upon disbursement schedule.

Your Responsibility at this Stage

- Monitor your progress and budget to help avoid any late decisions that could result in increased construction costs
- Notify us when you are approximately 30 days away from completion



Loan Conversion

When your project is complete per the plans and specs, your loan is converted to permanent financing. We'll send an appraiser to perform a final inspection of the property. Then your loan will convert to an amortized loan based on the original closing documents.

Your Responsibility at this Stage

Please provide:

- Certificate of Occupancy
- Final survey map
- Home owner's policy (this will no longer be the builder's risk policy)



CONSTRUCTION LOAN APPLICATION CHECKLIST

Income

- 2 most recent paystubs
- 2 most recent W2s
- Social security, pension, or retirement award letters, if applicable
- Proof of alimony or child support, if applicable
- 2 most recent years' worth of personal and business tax returns (all schedules) if self-employed

Personal Information

- Social security numbers for all borrowers to be listed on the application
- Home address for the past 2 years
- Employment history for the past 2 years

Assets

- 2 most recent bank/retirement statements (all pages)

Planned Home Information

- Loan amount requested + how much you plan on putting down
- Type of property
- Property address
- Land ownership or purchase
- Purchase price or, if owned, current value of the land
- Fully executed contract of sale with the builder
- Plans and specs
- Term of construction (6 or 12 month)
- Home type: stick built or modular

Current Home Information

- Property, school, and general tax receipt, if not paid through escrow
- HOA and condo fees, if applicable
- Current mortgage statement
- Copy of your homeowner's insurance policy evidencing the yearly premium

DO'S:

- Keep copies of all documents submitted for processing.
- Continue to pay all of your debts and loans on time

DON'TS:

- Don't make any large purchase on your credit card
- Don't take out or co-sign on a loan for anyone
- Don't establish any new debt



MID-HUDSON VALLEY FEDERAL CREDIT UNION

NMLS# 411955
Federally Insured by NCUA

