

Construction Loan Process Details for Home Builders



Welcome to the Team

Your client has chosen MVSBS for the funding of the construction of their new home. We are looking forward to partnering with you through the process. As the area's truly local bank, we are honored to continue to build our relationship with your local business – and your customers – during this exciting and challenging process.

Our goal with this document is to help answer common questions, gather the information that we need and ensure that working with us is as easy and straightforward as reasonably possible. Of course, if you have any questions, please reach out to your clients' mortgage specialist at any time during the process.

As a long time local lender, we understand the value of being a partner of choice for our local builders, and we hope that you enjoy the benefits of working with us, such as:

- Our lenders and our leadership are locally based, so decisions are made by people who work, live and understand the community you are building in.
- Because we have our own construction inspectors at MVSBS, we are able to quickly respond to changes, questions and requests for payment. Our average disbursement timeline is three to five business days from the day it is requested.
- As a local mutual bank without stockholders, our decisions are made to benefit the businesses and people who live and work on our local Main Streets, not Wall Street. This allows us flexibility that you likely won't see at banks that are publically owned and traded.

Inspections & Appraisals

At MVSBS, our on-staff construction loan team provides regular inspections to ensure that the project funds are being used appropriately – protecting the borrower, the builder and the Bank. Managing inspections in-house allows us to visit your site promptly when you make a request, and for funds to be disbursed to you faster than lenders who contract for these services.

For contracts led by a General Contractor, the first eight inspections are covered by the Construction Loan Fee. For contracts with a Self-General Contractor, the first eight inspections are included. Each additional inspection will be assessed a fee.

MVSBS will be monitoring the overall project and disbursement to protect the interests of the borrower, the contractor and the Bank. This dedication to projects and on-staff expertise helps to ensure that details of your project make sense and are up to current industry standards. MVSBS does not assume any responsibility for workmanship, material, costs, adherence to plans and specifications, code violations or payment of bills incurred by the builder or their subcontractors. So, please be sure to clearly communicate with your client, and the Bank, to ensure a smooth and positive process for all parties.

A third party Residential Appraiser will review the initial plans and complete a final inspection upon completion of the project. The final appraisal helps ensure that your project was built according to your original plans. The final disbursement will be made upon completion of the appraisal, final inspection, and receipt of the certificate of occupancy, if one is issued by the town or city.

Required Documentation

At the end of this document, there are a number of forms that we will need you to complete and return to us as soon as possible. For your ease of use, these forms are all available in fillable electronic format. Simply reach out to your client's mortgage specialist so that they can email them to you, or visit our website and search for "Construction Loan Process Details for Home Builders".

ALL **General Contractors** must complete and return the following forms to your client's mortgage specialist as soon as possible:

1. *Residential Materials Specifications (Exhibit A)* or your standard specifications sheet. Please note that MVSBS reserves the right to request that this form be completed if the alternate specification sheet you submitted does not meet the needs of the Bank or the project appraisal experts.
2. *Contractor Construction Budget (Exhibit C)*
 - For any cost line listed as \$0, please be sure to note the reason in the "Explanation" Line
 - The contingency rates are different for General Contractors (5%) and Self-General Contractors (10%). Only one is applicable for your project, not both
3. A copy of the Construction Contract signed by the Contractor and Borrower(s)
4. Building Plans
5. Subdivision plans, if applicable

In addition the following items will be needed in order to close the loan.

1. Proof of liability and Workmen's Compensation Insurance
2. A current *W9 Form*. You can either click the link on the electronic version of this document or go to <https://www.irs.gov/pub/irs-pdf/fw9.pdf>. If you have worked with us in the last three years and you have no changes in your company name, address or taxpayer identification number, you do not need to submit another W9 form to us.
3. *Pre-Closing Lien Waiver (Exhibit H)*
 - This document is required only if payments have been made for work performed 120 days or less prior to closing the loan with MVSBS
4. A copy of the building permit from the applicable town or city
5. Septic plans
6. State septic system approval for construction
7. Driveway permits, where applicable, from your town or city and/or state
8. Any other applicable permits, such as those pertaining to wetlands, dredge and fill.

In addition, please let us know if there have been any changes to your list of suppliers or subcontractors since our last project with you.

If you are a **NEW General Contractor, meaning** it has been more than two years since the date of the last approval from MVSB or our sister banks Merrimack County Savings Bank or Savings Bank of Walpole. Please complete all of the forms listed above plus the following forms and return them to your client's mortgage specialist as soon as possible. Please complete:

9. *New Builder / Self-General Contractor Sub-contractor & Supplier List (Exhibit B)*

10. *General Contractor / Self General Contractor Qualification Form (Exhibit D)*

If you are a **SELF-General Contractor**, meaning you are acting as your own General Contractor for the home building project please complete and return the forms listed above in the General Contractor and new builder section, as well as:

11. *Self-General Contractor Subcontractor Insurance Notice (Exhibit J)*

12. *Quotes from each subcontractor for services that will be provided*

RESIDENTIAL MATERIALS SPECIFICATIONS

EXHIBIT A

When to complete this: This form, or your own specifications sheet, must be completed and submitted to the Bank. Please note that MVSB reserves the right to request that this form be completed if the alternate specifications sheet you submitted does not meet the needs of the Bank or the project appraisal experts.

Property Address _____

City, State, Zip Code _____

Owner/Borrower Name _____

Contractor Name _____

Mailing Address _____

Mailing Address _____

Type of Home: Custom Modular Package Manufactured

Building Plans: Title: _____ # of Pages: _____ Dated: _____

Style of Home: _____ Sq. Feet of Living Space: _____ Foundation Size: _____

Sewage Disposal: Municipal Sewer Community Sewer On-Site Septic System

Water Source: Municipal Community On-Site Drilled Well On-Site Dug Well
Allowance \$ _____

SITWORK:

Driveway: Length _____ Width _____ Surface Material: _____ Thickness: _____

Landscaping: _____

Walkway Material: _____

Other Improvements: _____

FOUNDATIONS:

Footings: Type _____ Strength _____ psi Thickness _____ Reinforcing _____

Walls: Type _____ Strength _____ psi Thickness _____ Reinforcing _____

Concrete Slab: Thickness _____ Strength _____ psi Thickness _____ Subbase material _____

Footing Drains: _____ Waterproofing: _____

Radon protection: Yes No Sump Pump: Yes No Crawl Space: Yes No

CHIMNEYS:

Material: _____ Flue Lining: _____ Prefabricated (make & size) _____

Material: _____ Flue Lining: _____ Prefabricated (make & size) _____

FIREPLACES:

Facing: _____ Lining: _____ Hearth: _____ Mantel: _____

Facing: _____ Lining: _____ Hearth: _____ Mantel: _____

EXTERIOR FRAMING:

Walls: Stud Type _____ Size _____ Spacing _____ Wind bracing _____

Sheathing: _____ Grade _____ Thickness _____ Building paper _____

Siding: _____ Grade _____ Size _____ Exposure _____

FLOOR FRAMING:

Floor Joists: _____ Size _____ Spacing _____ Bridging _____

Subfloor Material: _____ Grade _____ Thickness _____ Fastening _____

PARTITION FRAMING:

Stud Type: _____ Size _____ Spacing _____ Sheathing: _____

Thickness _____ Bathroom walls _____ Other _____

ROOF:

Rafters _____ Grade _____ Size _____ Spacing _____

Sheathing: _____ Grade _____ Thickness _____ Underlayment _____

Shingles: _____ Drip edge _____ Ventilation _____ Gutters _____

INSULATION:

Exterior Walls: Type _____ R-value _____ Roof/Ceilings: Type _____ R-value _____

Interior Walls: Type _____ R-value _____ Floor: Type _____ R-value _____

EXTERIOR DOORS:

Type _____ Material _____ Brand _____ Hardware _____

Type _____ Material _____ Brand _____ Hardware _____

INTERIOR DOORS:

Type _____ Material _____ Brand _____ Hardware _____

Type _____ Material _____ Brand _____ Hardware _____

WINDOWS:

Type _____ Material _____ Brand _____ Hardware _____

Type _____ Material _____ Brand _____ Hardware _____

CABINETS & VANITIES:

Kitchen Cabinets _____ Brand _____ Countertops _____

Bathroom Vanities _____ Brand _____ Countertops _____

Cabinet Allowance: \$ _____

SURFACE FINISHES:

Interior Walls: Material _____ Brand _____ Coats _____

Interior Trim: Material _____ Brand _____ Coats _____

Ceilings: Material _____ Brand _____ Coats _____

Stained Surfaces: Material _____ Brand _____ Coats _____

Exterior Siding: Material _____ Brand _____ Coats _____

Exterior Trim: Material _____ Brand _____ Coats _____

FLOOR COVERINGS:

Living Room: Material _____ Brand _____

Dining Room: Material _____ Brand _____

Kitchen: Material _____ Brand _____

Bathrooms: Material _____ Brand _____

Bedrooms: Material _____ Brand _____

Family Room: Material _____ Brand _____

Flooring Allowances: All Flooring: \$ _____

Carpet: \$ _____ Vinyl: \$ _____ Hardwood: \$ _____ Tile: \$ _____

PLUMBING:

Water Piping: _____ Sill Cocks: Number _____ Kitchen Sink _____ Bathroom Lavatories _____

Water Heater _____ Brand & Model _____ Storage Capacity _____ gallons

Toilets: _____ Quantity _____ Showers _____ Quantity _____

Bathtubs: _____ Quantity _____ Whirlpools _____ Quantity _____

HVAC:

Heating: Type _____ Brand _____ Fuel _____ Fuel Storage _____

Air Conditioning: Type _____ Brand _____ Model _____ Size _____

Kitchen Vent: _____ Brand _____ Bathroom Vents: _____ Brand _____

ELECTRIC WIRING:

AMP's _____ No Circuits _____ Wire: Type _____

Size _____ Special Outlets: _____

LIGHTING FIXTURES:

Total number of fixtures: _____ Total allowance for fixtures: _____ Special fixtures: _____

APPLIANCES:

Range _____ Refrigerator _____ Dishwasher _____ Microwave _____

Disposal _____ Washer _____ Dryer _____ Other _____

Appliance Allowance: \$ _____

GARAGES:

Attached _____ Unattached _____ Automobile Capacity _____

Garage Doors _____ Brand _____ Remote Electric Opener _____

PORCH/DECK:

Porch: Type _____ Size: _____

Deck: Type _____ Size: _____

OTHER FEATURES:

PREPARED BY _____ **DATE** _____ **COMPANY** _____

BORROWER _____ **DATE** _____ **BORROWER** _____ **DATE** _____

NEW BUILDER / SELF CONTRACTOR SUB-CONTRACTOR & SUPPLIER LIST

EXHIBIT B

When to complete this: Only new builders to MVSB or Self GCs need to complete this form, though we ask all builders to alert us to any changes in subcontractors or their contact information if it has changed since your last project. Please see the "Required Documentation" section of the "Construction Loan Process Details for Home Builders" for definitions of new builders and Self GCs.

TRADE	SUBCONTRACTOR/SUPPLIER	TELEPHONE NUMBER
Excavation		
Foundation		
Septic System		
Well		
Frame		
Roof		
Insulation		
Plumbing		
Heating		
Masonry		
Siding		
Drywall		
Paint		
Millwork		
Finish Landscaping		
Lumber Supplier		
Flooring		
Windows and Doors		
Cabinets & Countertops		

CONTRACTOR CONSTRUCTION BUDGET

EXHIBIT C

When to complete this: This form must be thoroughly completed by all builders for each project.

Please note the following:

- For any cost line listed as \$0, please be sure to note the reason in the "Explanation" Line
- The contingency rates are different for General Contractors (5%) and Self-General Contractors (10%). Only one is applicable for your project, not both.

BORROWER NAME: _____		DATE: _____		
LOCATION: _____		CONTRACTOR: _____		
		GENERAL CONTRACTOR	SELF-GENERAL CONTRACTOR	
ITEM	COST	PAID DEPOSITS	BALANCE	EXPLANATION
1. Excavation, Lot Clearing, Fill, Drainage				
2. Foundation, Damp Proofing				
3. Septic System or Sewer Line				
4. Well or Water Line				
5. Frame House & Garage				
6. Roofing				
7. Windows & Exterior Doors				
8. Garage Doors				
9. Concrete Floors				
10. Plumbing				
11. Plumbing Fixtures				
12. Electrical				
13. Electrical Fixtures				
14. Heating System				
15. Chimney & Fireplace				
16. Siding				
17. Insulation				
18. Drywall or Plaster				
19. Exterior Paint or Stain				
20. Interior Doors and Trim				
21. Interior Paint/Wallcoverings				
22. Cabinets and Counter Tops				
23. Flooring				
24. Porches/Deck/Steps				
25. Finish Grade & Landscaping				
26. Driveway/Walkways				
27. Appliances				
28. Project Management / Permits				
29. Other (Attach detailed description)				
Subtotal				
Self GC Bank Reserves (10% contingency of TOTAL Cost)				
Contractor Bank Reserves (5% contingency of TOTAL Cost)				
TOTALS for Self GC				
TOTALS for Contractor				

BORROWER	DATE	CONTRACTOR	DATE
BORROWER	DATE		

GENERAL CONTRACTOR / SELF GENERAL CONTRACTOR QUALIFICATION FORM

EXHIBIT D

When to complete this: Only new builders to MVSBS or Self-GCs need to complete this. Please see the "Required Documentation" section of the "Construction Loan Process Details for Home Builders" for definitions of new builders and Self GCs.

Borrower(s) Names: _____

Subject Property: _____

Business Name: _____ Federal ID #: _____

Builder's Name: _____ Social Security #: _____

Business Address: _____

Telephone Number(s): _____ Years in Business: _____ Email: _____

Website: _____

Number of Employees: _____ Homes built last year: _____ Expected to build this year: _____

Last Year's Gross Income: \$ _____ How is your Business structured? ___ Incorporated ___ LLC ___ DBA

Provide 2 customer references below detailing projects you have completed similar to the proposed project

Name: _____ Phone: _____

Address: _____ Project Completion Date: _____

Name: _____ Phone: _____

Address: _____ Project Completion Date: _____

Provide 3 Builder Supplier/Sub-Contractor references

Name: _____ Phone: _____

Account Number: _____ Attn: _____ # of Years as a Client: _____

Name: _____ Phone: _____

Account Number: _____ Attn: _____ # of Years as a Client: _____

Name: _____ Phone: _____

Account Number: _____ Attn: _____ # of Years as a Client: _____

I authorize Bank personnel to obtain and review a written credit profile of my corporation and/or myself. This information can be shared amongst Meredith Village Savings Bank, Merrimack County Savings Bank and Savings Bank of Walpole.

Builder/Self-GC Name Date

PRE-CLOSING LIEN WAIVER

EXHIBIT H

When to complete this: This document is required only if payments have been made for work performed 120 days or less prior to the closing of the loan with MVSb. The paid deposit column on Exhibit C should also reflect this amount.

Loan Number: _____

Amount Paid: \$ _____

Borrower(s): _____

Worksite: _____

CONTRACTOR/SUBCONTRACTOR LIEN WAIVER FOR FUNDS PAID PRIOR TO CLOSING

The undersigned certifies that all work and materials for the amount indicated above has been completed or consumed. The undersigned has been paid in full for all completed work and supplied materials.

FOR VALUE RECEIVED, the undersigned hereby waives any and all liens for labor and materials arising under New Hampshire Revised Statutes Annotated Chapter 447 as to the construction mortgage to Meredith Village Savings Bank referred to date.

Signed this _____ day of _____, 20____.

BY: _____
Contractor/Subcontractor

SELF-GENERAL CONTRACTOR SUBCONTRACTOR INSURANCE NOTICE

EXHIBIT J

When to complete this: Only Self GCs need to complete this. Please see the "Required Documentation" section of the "Construction Loan Process Details for Home Builders" for definitions of Self GCs.

Borrower(s): _____

Project Location: _____

As the Self-General Contractor of the above named project, I understand that it is my responsibility to verify that all Subcontractors are properly insured with General Liability and Workers' Compensation Insurance, as applicable.

Borrower's Name Date

Co-Borrower's Name Date

Payments

Funds will be available for disbursement 5 to 10 business days after the loan closes. If you bank with us, the funds can be deposited directly into your account.

To mitigate risk for our customers and the Bank and to help keep projects within budget, MVSB disburses funds to builders, contractors and subcontractors once work has been completed, and highly discourages the payment of deposits prior to construction. Because we employ fastidious construction experts at the Bank, we are able to quickly confirm completion and disburse payments quickly.

During the course of construction, disbursements can be requested for work completed provided MVSB has also completed an inspection. To request a disbursement, please:

- Ensure that the Identification of Construction Lending Notice has been posted on the property.
- Contact MVSB's Construction Loan Coordinator, Allison Vosgershian, to request a property inspection at avosgershian@nhmutual.com or 603.279.9118.
- Detailed invoices outlining the work and materials and associated costs.

If all required documentation has been received, disbursement requests made by 1pm on Tuesday will have an inspection on Wednesday or Thursday and funds will be available by the end of business on Friday.

Please note that disbursements can be paid to order a kit - such as for a log, modular or manufactured home - and paid directly to the dealer. In addition, payments for supplies can be made directly to the supplier.

Any change orders and/or variances that could adversely affect the final value of the new home must be communicated to the bank and the borrower in writing prior to the changes being made. At the loan closing, any significant design or material changes will be reviewed for approval by all parties, including MVSB. Your client, the borrower, will be responsible for any change orders that are not in the budget and will need to supply MVSB with the funds required. MVSB will then disburse payment.

Please note that the Bank reserves the right to withhold disbursements and take any necessary action to protect our interests if at any point a situation develops that we feel could jeopardize our position.