

# A STEP-BY-STEP LOOK

## What you can expect



### Meet With an LFCU Mortgage Loan Officer

To begin, connect with an LFCU Mortgage Loan Officer (MLO) to discuss our loan program and learn more about the process. Your MLO will walk you through the pre-approval process, specifying any items needed to begin. You will complete a Construction-to-Permanent Mortgage Loan application and will be provided with a Construction Information Packet.

### Meet With a Builder

Choose a Builder of your choice to be qualified and accepted by our team. Discuss the plans that will be needed to complete your dream home. This includes the size, styles, amenities, and costs that should be considered at this time. Agree upon a timeframe and completion plans for the construction.



### Sign Final Construction Contract

At this stage, all design, specs, and price for the home are finalized and the construction contract is signed. You'll meet with your LFCU MLO to complete the borrower prequalification and to examine the loan application and builder approval. The Project Review, Construction Underwriting Review, and Appraisal are all ordered.

### Loan Closing and CLM Onboarding

Meet with a Real Estate attorney to close on the loan. If you do not already own the lot, this is the point where the purchase is made. LFCU will provide you with a Construction Loan Holdback (CLH) adequate to complete construction. Loan proceeds are used to pay off any balance of the lot, loan closing costs, and any required/approved advance to the Builder.



### Construction Begins

The construction of your dream home now begins. As the construction of your home progresses, the Builder will request periodic interim draws. After an inspection, LFCU will distribute the funds to the Builder per the terms of the agreement.

### Interest Payments Begin

As draws are completed, interest begins to accumulate on what you have already approved. LFCU will begin forwarding monthly-interest due monthly statements. As the builder requests more draws, more funds will be used and more interest will be due.



### New Home Completion

The Builder will request the final draw upon completion of construction. All change orders that took place will be reconciled. Final draw funds will be released to the Builder pending an Appraiser's final inspection, a Certificate of Occupancy, final Title Endorsement, and your authorization.

### Permanent Mortgage Transition

At this point, your interest-only payment is modified to include fully amortizing payments of the terms agreed upon at closing or to a fixed-rate option. Shortly following this, your principal and interest payments will begin. Congratulations, you successfully completed the one-time close construction-to-permanent mortgage loan. Enjoy your new dream home!

