

CONSTRUCTION LOAN

CHECKLIST

Not sure where to begin when it comes to construction financing? No problem. Here's a quick list of items you will need before you get started on building your new home:



Get a Licensed General Contractor

We will not accept an owner-builder or a "construction supervisor". The only owner-builder loan we will consider is where the owner-builder is also a licensed general contractor.



Signed Bond

A bond insures completion of the project for homeowners and lenders. Most contractors will get a completion bond, at no charge, when purchasing a certain amount of materials from the materials supplier (e.g., Honsador or HPM). For very large projects you may need to get a surety bond from an insurance company (must be A-rated or better), which will be an additional cost to you. The borrower, lender, contractor and bonding company all must sign the bond.



Signed Construction Contract & Specification Documents

The construction contract identifies the price of the job, the draw schedule, the scope of both the contractor's and homeowner's obligations, as well as other items. The specifications help identify what types of materials will be used for the job and what allowance limits are set for various items (such as fixtures). The construction contract and accompanying specifications must be signed by the contractor and homeowner.



Building Permit

Must be provided with the final approved plans and submitted to Finance Factors before loan closing.



Signed Construction Plans

We can work with an initial set of plans for ordering the appraisal if you and the contractor do not make any changes to the plans. The final plans must be consistent with plans used by the appraiser and must have an official approval stamp from the Department of Planning & Permitting office of the appropriate county. All pages must be signed by you and the contractor.



Site Inspection

At each draw from the construction contract, we require the appraiser to inspect the project to ensure compliance with the plans and the draw schedule before releasing funds to the bonding company to pay the contractor. For construction contracts in excess of \$750,000 we require an engineer or architect to do the inspections.



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