



# Construction Lending Disclosure

- \_\_\_\_\_ 1. At the time of application the borrower will be required to provide the following to the bank:
  - a) Complete plans and specifications for construction
  - b) Fully executed contract for construction, if using a general contractor
  - c) Complete firm estimates for all materials and labor, if self construction
  - d) Copy of Deed and tax bills
  - e) Copy of Building Permit
  
- \_\_\_\_\_ 2. Your draw schedule will be determined upon receipt and review of the above items by the bank. The draw schedule is a schedule of how the funds will be advanced to you, based on the items completed. Your builder may provide the bank with their proposed draw schedule which will be subject to the approval of the bank.
  
- \_\_\_\_\_ 3. You and your contractor, if applicable, must execute the Construction Loan Addendum, which will outline the draw schedule. By signing this document, you and your contractor are aware of how the monies will be advanced. Your draw schedule cannot change once your initial closing has occurred. If you wish for changes, there will be a fee of \$250 per change and the fee will be deducted from the advance.
  
- \_\_\_\_\_ 4. It is encouraged that you close and receive your first advance within 60 days from the date of application. This is called your "closing". This should allow you sufficient time to complete the construction within the permitted construction period. At this closing you will execute all of your loan documents.
  
- \_\_\_\_\_ 5. Before the closing, you will be required to provide the bank attorney with a survey showing the proposed location of the dwelling. This survey will need to be certified to you, NBT Bank, National Association, its successors and/or assigns and the title insurance company. You should check with your attorney to obtain the correct name of the title insurance company.
  
- \_\_\_\_\_ 6. If you wish to have an advance at the time of closing, you must make the bank aware of this and schedule an inspection PRIOR TO scheduling your closing date. If you are not ready for an advance at the time of closing, a dry closing can occur. This means no funds will be advanced at the closing.
  
- \_\_\_\_\_ 7. The funds will be advanced in accordance with the draw schedule, which was approved by you and your builder prior to your closing. The advances will be based on work completed.
  
- \_\_\_\_\_ 8. Each time you are ready to receive an advance, you must fax the Construction Loan Release to the bank. You and your contractor must sign this form. The bank will contact the appraiser to inspect the property. If all work is completed in accordance with the draw schedule the bank will request a legal update from the bank attorney. (If your attorney provided the title insurance, the bank attorney will contact your attorney or your title company to obtain the legal update) Upon the bank's receipt of a clear title update, the advance will be made.
  
- \_\_\_\_\_ 9. The advance check may be picked up at the bank attorney's office. The fee for the inspection will be deducted from the advance. This check will be made payable to your contractor directly, unless otherwise requested by you in writing. If this project is "self-construction", the check will be made payable to you.
  
- \_\_\_\_\_ 10. You will be required to execute a construction advance receipt, which acknowledges that you have received and approved the release of the funds. You will also be required to sign an owner's affidavit, which states that all contractors, and subcontractors have been paid to date.
  
- \_\_\_\_\_ 11. Prior to the final advance, the bank must be in receipt of the following:
  - a) As-built survey, showing all improvements made to the property. The surveyor can update this survey when the structure is built, the well, septic and driveway are in. This is in addition to the original survey provided.
  - b) Unconditional certificate of occupancy. The certificate of occupancy cannot have any items shown as not being completed. A temporary certificate of occupancy is not acceptable.
  - c) A final inspection will need to be completed by the bank appraiser. You may be eligible for an unconditional certificate of occupancy prior to the completion of the dwelling. The bank requires that all work be 100% complete prior to the release of the final draw.

**PLEASE NOTE:** If the construction is not completed by the completion date in your building and loan agreement, you will be required to pay non-completion fees at the amount of .25% of your loan amount for every 30 days. This fee will not be waived due to weather.

**I/we have read, understand, and accept the terms and conditions of this Construction Lending Disclosure.**

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Co-Borrower

\_\_\_\_\_  
Date Accepted

\_\_\_\_\_  
By, Bank Representative

