

# Construction Loan Guide

Town & Country
Bank and Trust Co.

Let's Grow Together

NMLS: 541566

Member FDIC
EQUAL HOUSING LENDER



# Introduction

## Introduction

Our Construction Loan Guide provides valuable information that will help you become more informed about and prepared for the process and loan options available to you. Our local Loan Officers are ready to assist you from start to finish, just as soon as you're ready to begin.

# About

## About Town & Country Bank and Trust Co.

Town & Country Bank has been making home loans for over 115 years. Our team of local Loan Officers adds a level of service and experience to our competitive rates and products, making for a seamless and less stressful experience in the building of your home.

*Our roots run deep at Town & Country Bank.*
*We have been helping our customers' dreams grow since 1907.*

**Town & Country**
**Bank and Trust Co.**

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# Tips for Planning a Build:

Planning for and building a new home can be a very rewarding and satisfying experience. It can also prove to be stressful and frustrating without careful planning and preparation. A missed step in the planning process can be costly. Consider these important steps:

- ## Plan Your Budget

  Begin thinking about how much you can afford to spend on your new home and what your down payment availability is. It is important to keep a contingency reserve in mind and leave yourself some breathing room during planning. A 10% contingency is recommended. New construction often costs more than expected. An example of a cost breakdown is included in this guide to assist you in the planning process.

- ## Choose Your Site

  Whether you are building in an existing development or on the family farm, having your home site picked out is essential for the design decisions. The terrain and location can have an impact on costs associated with the project for various reasons.

- ## Select Your Builder

  Selecting the right builder is key to making sure you reach your goal. Meet with multiple builders to discuss your plans and have them provide quotes. Don't shy away from requesting references. Talking with family members and friends who have had their home built may be a great way to obtain referrals.

# Getting Started:

Your Town & Country Bank Loan Officer can help you determine how much you can afford based on current rates, credit history, income, and down payment availability before you spend money on plans and an estimate from a contractor.

You will want to consider all costs. Your Loan Officer will review fees, closing costs, home owners insurance, taxes, and permanent financing options with you. We are here to ensure you fully understand the process. If you have questions, please ask!

## Here's what we will need to get you started:

- Most recent pay stubs - should cover 30 days and include year-to-date information
- Last two year's federal tax returns
- Last two year's W-2s
- For self-employed borrowers, please provide two year's business returns in addition to your personal returns
- Last two month's bank statements, if not a current Town & Country deposit customer

If you already own your lot, please have the date of purchase, original cost, and current loan balance available also.

Once your loan has been approved and you are ready to move forward, we will need a copy of your builder's contract and detailed plans for the construction.



# Loan Terms:

Our typical construction loan is for a 12-month term. Payments are interest-only during construction, payable monthly. Loan-to-value (LTV) can be up to 80% of the appraised value. Be sure to ask your Loan Officer about permanent financing options for when construction is complete.

# Draw Process:

The Bank monitors the progress of your construction project from start to finish in order to approve your draw requests.

## Inspections

Inspections are generally performed by the same appraiser that appraises your project for the initial loan closing. In addition, the bank has a title update performed for each inspection to ensure that there are no mechanic's liens filed against your property.

A completion percentage is allocated for all stages of the project as completed and draw is based on this percentage. The borrower's cash injection to the project is made up front before loan proceeds begin to disburse. You will want to discuss the estimated number of draws with your builder and communicate this with your Loan Officer. We typically estimate four inspections per build. A sample inspection report is included in this guide.

## Draw Disbursements

Your disbursement for each draw can be in the form of a check or deposit into a Town & Country Deposit Account. Many of our borrowers open an account specifically for the construction process to simplify the process.





# Town & Country Bank and Trust | SAMPLE - Cost Breakdown

| | |
|---|---|
| Property: | |
| Owner: | |
| Contractor: | |

| Item | Description of Work | Cost |
|---|---|---|
| 1 | Building Permits | |
| 2 | Foundation/Footer | |
| 3 | Crawl/Garage Rock Fill | |
| 4 | Excavation/Dirt Work | |
| 5 | Lumber Package | |
| 6 | Framing Labor | |
| 7 | Insulation | |
| 8 | Drywall | |
| 9 | Electrical | |
| 10 | Plumbing | |
| 11 | HVAC | |
| 12 | Lighting Allowance | |
| 13 | Master Shower | |
| 14 | Interior Trim Material/Labor | |
| 15 | Interior Shelving Material/Labor | |
| 16 | Door Fixtures | |
| 17 | Front Door | |
| 18 | Garage Door | |
| 19 | Garage Floor Material/Labor | |
| 20 | Flooring Allowance | |
| 21 | Cabinets | |
| 22 | Paint Material/Labor | |
| 23 | Exterior Soffit, Gutters, & Vinyl | |
| 24 | Driveway Material/Labor | |
| 25 | Water Meter/Service Line | |
| 26 | Electric Service Hook-up | |
| 27 | Sewer Hook-up | |
| 28 | Yard Finish & Grade | |
| 29 | Termite Pre-treatment | |
| 30 | Contingency Allowance | |
| | **Total** | $ |

## Town & Country Bank and Trust | SAMPLE - Construction Inspection Report

The appraiser completes applicable portions of the report at each inspection, identifying work that is complete. In addition, pictures documenting the completed items are attached and submitted to the Bank.

| Items Complete | Running Total | % | Draw 1 | Draw 2 | Draw 3 | Draw 4 | Draw 5 |
|---|---|---|---|---|---|---|---|
| Site Prep | 4 | 4 | | | | | |
| Excavation | 8 | 4 | | | | | |
| Footings | 12 | 4 | | | | | |
| Foundation Wall/Blocking | 18 | 6 | | | | | |
| Floor/Framing/Slab/Basement | 23 | 5 | | | | | |
| **Stage One Completed** | | | | | | | |
| OS Wall Framing | 30 | 7 | | | | | |
| IS Wall Framing | 36 | 6 | | | | | |
| Roof Framing | 39 | 3 | | | | | |
| Roof Sheathing/Fell | 40 | 1 | | | | | |
| Permanent Roof | 42 | 2 | | | | | |
| **Stage Two Completed** | | | | | | | |
| Window | 46 | 4 | | | | | |
| Exterior Doors | 48 | 2 | | | | | |
| Rough-in Plumbing | 51 | 3 | | | | | |
| Rough-in Wiring | 55 | 4 | | | | | |
| Rough-in HVAC | 56 | 1 | | | | | |
| Brick Veneer/Siding | 60 | 4 | | | | | |
| Fireplace/Brick Insert | 62 | 2 | | | | | |
| Ext. Trim/Prime/Stucco | 64 | 2 | | | | | |
| **Stage Three Completed** | | | | | | | |
| OS Wall Insulation | 67 | 3 | | | | | |
| Drywall/Plaster | 70 | 3 | | | | | |
| Drywall & Stucco Finish | 72 | 2 | | | | | |
| IS Doors | 73 | 1 | | | | | |
| IS Trim | 75 | 2 | | | | | |
| Cabinets | 79 | 4 | | | | | |
| Counter Tops | 80 | 1 | | | | | |
| Septic Tank/Sewer Hook-up | 82 | 2 | | | | | |

*continued on next page*

| Items Complete | Running Total | % | Draw 1 | Draw 2 | Draw 3 | Draw 4 | Draw 5 |
|---|---|---|---|---|---|---|---|
| **Stage Four Completed** | | | | | | | |
| Paint/Decorating Comp. | 85 | 3 | | | | | |
| Bath Tile/Enclosure | 87 | 2 | | | | | |
| Plumbing Comp. Fixtures | 89 | 2 | | | | | |
| Wiring Comp. Fixtures | 90 | 1 | | | | | |
| Heat/AC Complete | 92 | 2 | | | | | |
| Walks & Driveway | 94 | 2 | | | | | |
| Floor Coverings | 98 | 4 | | | | | |
| Finish/Grade/Seed/Landscaping | 98.5 | 0.5 | | | | | |
| Exterior Finish/Screens/Gutters | 99 | 0.5 | | | | | |
| Interior Finish (Clean etc.) | 99.5 | 0.5 | | | | | |
| Miscellaneous | 100 | 0.5 | | | | | |
| **Total Percent Complete** | **100** | **100** | | | | | |

Note to appraiser: These percentages are meant as a guideline. All categories are not applicable to all properties. Please make adjustments to the percentages as you deem necessary based on your inspections and the individual project.



# Let's get started today!

Stop by one of our convenient Banking Center locations:

**Bardstown Main Office**
201 North Third Street
Bardstown, KY 40004
Phone (502) 348-3911

**Nelson Plaza Banking Center**
237 Nelson Plaza
Bardstown, KY 40004
Phone (502) 348-3911

**John Rowan Banking Center**
90 John Rowan Blvd.
Bardstown, KY 40004 Phone
(502) 348-3911

**New Haven Banking Center**
148 South Main Street
New Haven, KY 40051 Phone
(502) 549-3167

**Lawrenceburg Bypass Banking Center**
1102 Bypass South
Lawrenceburg, KY 40342
Phone (502) 839-7226

***For more information visit us online at:***

**www.mytcbt.bank**

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