

Dream it. Finance it. Build it.


# Construction

## LOAN GUIDE



Ulster  Savings

[ulstersavings.com](http://ulstersavings.com) / 845-338-6322

NMLS# 619306 /  EQUAL HOUSING LENDER / MEMBER FDIC

---

# Construction/Permanent Mortgage Program

---

## Property Types

- ✔ 1–2 family, owner occupied primary residences
- ✔ 1 unit second homes
- ✔ Rehabilitations, single-family purchase and refinance

## Construction Types

- ✔ Stick Built
- ✔ Modular
- ✔ Panelized\*
- ✔ Kit\*
- ✔ Manufactured Homes

## Term Options

- ✔ **Two-close:** 24-month fixed rate interest only term. Upon home completion, the loan will be refinanced by modification to permanent financing (rates/terms determined at that time).
- ✔ **Single-close:** Fixed initial Interest only construction terms of 12 or 24 months that will automatically convert to either a fixed rate or adjustable rate mortgage fully amortizing over the remaining term dependent upon program chosen.

## Rate Lock Period

Your initial construction rate is locked for 60 days.

*\* Panelized and kit homes are on an exception basis only and limited to 65% maximum LTV.*

## Maximum LTV (Loan-to-Value)

### New Construction

Loan-to-value is based on the lesser of the appraised value or the total acquisition (land value + costs to build). Maximum LTV is 80%, up to 2.5M. Self-build maximum LTV is 65%.

### Rehabilitation—Purchase

Maximum LTV is 70% of the total of the purchase price or “as is” value (whichever is less) plus the cost of improvements, limited to 75% of the “as completed” value.

### Rehabilitation—Refinance

Mortgage amount may include the amounts required to satisfy the existing first mortgage and any outstanding subordinate mortgage liens, or the current as-is market value of the property (whichever is less), plus the closing costs and total rehab costs, limited to 80% of the “as-completed” value.

*NOTE: “Sweat equity” is not permitted.*

## Land Requirement

- ✔ Value attributed to land owned for less than one year is determined by the lesser of the actual price paid or the current appraised value.
- ✔ Value attributed to land owned for more than one year will be determined by the appraisal.
- ✔ Inherited land or gifts of land are acceptable and the value will be determined by the appraisal.
- ✔ Any land liens must be satisfied at construction closing.



## The Approval Process

### If Land Owned Less Than 12 Months

- ✓ Copy of settlement statement or closing disclosure from land purchase (if previously acquired).
- ✓ Copy of recorded deed.
- ✓ Copies of bank statements and canceled checks showing source of funds used to purchase land.

### General Required Items

- ✓ Copy of contract to purchase land. (If not already owned).
- ✓ Copies of all estimates, contracts, and paid receipts for all work necessary to complete construction.
- ✓ Copy of plans and specs for the home to be constructed.
- ✓ Copies of most recent two years W-2's.
- ✓ Copies of most recent year-to-date pay stubs documenting one full month earnings.

- ✓ Copy of most recent two years signed personal tax returns including all schedules (self-employed borrowers only, if applicable).
- ✓ Copies of most recent two years signed business returns including all schedules (if applicable).
- ✓ Copies of two months most recent consecutive bank statements for all checking and savings accounts.
- ✓ Copies of most recent quarterly statements for any retirement and/or investment accounts.
- ✓ Satisfactory appraisal.

*NOTE: The design and appeal of the subject property must conform to market standards. Ulster Savings Bank reserves the right to approve/decline all projects following review of plans and specifications.*

### Reserve Requirements

Reserves equal to 15% of the construction costs are required and must be documented, whether they be liquid assets or retirement accounts.



# Closings

## Scheduling the Construction Closing

The bank closing department must have the following prior to scheduling your closing:

- ✔ Title report.
- ✔ Survey showing property boundaries (must be certified to Ulster Savings Bank, its successors and/or assigns, borrowers and title company). This can be a vacant land survey. However, in order to begin receiving advances, your survey will need to be updated to a foundation or under-construction survey certified to Ulster Savings Bank, its successors and/or assigns, borrowers, and title company.
- ✔ Builder's risk or homeowners insurance policy in borrowers name (policy must also list Ulster Savings Bank, its successors and/or assigns, PO Box 3337, Kingston, NY 12402 as first mortgagee). Paid in full for one year.
- ✔ Building permit.

## Permanent Closing—Two-Close Program Only

At this closing the construction loan is converted into a permanent mortgage.

## Scheduling the Permanent Closing

The following will be required prior to scheduling:

- ✔ Permanent certificate of occupancy.
- ✔ Certified survey showing all improvements, including but not limited to house, driveway, well and septic, if applicable (proposed subject under construction, or foundation survey not acceptable as well as any easements impacting the property).
- ✔ Conversion of builder's risk policy to homeowner's policy.
- ✔ Update title insurance with endorsement or final loan policy.
- ✔ A final inspection showing 100% completion of all aspects of the home in the appraisal report, based on the plans and specs submitted to the appraiser.



# Drawing on Construction Funds

## Ordering Inspections

All construction draws are based on the percentage of work completed as per Ulster Savings Bank's draw schedule. Any applicable inspection fees will be deducted from the draw.

*NOTE: If you have not previously done so, prior to receiving any advances on your construction loan you must first provide an original certified survey showing all improvements, including foundation, for approval by the bank. Survey must be certified to Ulster Savings Bank, its successors and/or assigns, borrowers, and title company.*

- ✓ Inspections are ordered by the customer through the Kingston office only. Please allow at least five days for inspection scheduling.
- ✓ Inspector will email or call in a percentage complete based on the inspection schedule for your property.
- ✓ We will contact you to inform you of the inspection results and the amount of the disbursement.
- ✓ A title update is then ordered by the bank from your title company. The title update must be clear of any additional liens such as mechanic's liens or tax liens/warrants. Any such liens must be satisfied prior to disbursement.
- ✓ Monthly interest payments must be current.

*NOTE: Title companies may begin to charge after a set number of updates. Please be sure to check with your title company. Any title charges will be deducted from the draw.*

## Disbursement of Funds

The funds can be disbursed in any of the following ways:

- ✓ Bank check mailed to your current address.
- ✓ Electronic wire transfer.
- ✓ Branch pickup at any of our convenient locations.
- ✓ Direct deposit into an Ulster Savings Bank account.
- ✓ All checks are issued to all parties on the note. Any deviation from this policy, on any given disbursement, must be submitted in writing to the construction loan department. The entire process may take up to 10 business days.

## Construction Interest Billing

- ✓ Interest bills are calculated and mailed out the first week of every month.
- ✓ Interest is billed in arrears (based on the previous month's activity).
- ✓ Interest is based on the total amount of money received to date, for the number of days within the month.
- ✓ Payments must be received by the 23rd of every month or a late payment fee will apply.

---

# Stick-Built Itemized Cost Breakdown

---

Use the itemized cost breakdown as a guide when meeting with your builder or sub-contractor(s) to assist you in determining your total cost to build. You will need to support all costs with written estimates on contractors letterhead or by a fully executed contract to build from a general contractor.

1.	Excavation and Grading	\$	_____
2.	Foundation	\$	_____
3.	Septic or Municipal Hook-up	\$	_____
4.	Well or Municipal Hook-up	\$	_____
5.	Framing	\$	_____
6.	Roofing	\$	_____
7.	Windows and Exterior Doors	\$	_____
8.	Garage Doors	\$	_____
9.	Siding	\$	_____
10.	Electric	\$	_____
11.	Plumbing	\$	_____
12.	HVAC	\$	_____
13.	Insulation	\$	_____
14.	Drywall Labor	\$	_____
15.	Tape and Spackle	\$	_____
16.	Interior Stairs and Railings	\$	_____
17.	Fireplace and Chimneys	\$	_____
18.	Kitchen Cabinetry and Counter Tops	\$	_____
19.	Bathroom Vanities and Fixtures	\$	_____
20.	Hardwood Floors	\$	_____
21.	Tile Floors and/or Walls	\$	_____
22.	Carpeting	\$	_____
23.	Interior Painting	\$	_____
24.	Exterior Painting	\$	_____
25.	Interior Doors	\$	_____
26.	Interior Trim	\$	_____
27.	Decks, Steps, Porches, Patios, etc.	\$	_____
28.	Gutters and Leaders	\$	_____
29.	Driveway	\$	_____
30.	Other _____	\$	_____
	<b>TOTAL</b>	<b>\$</b>	_____



---

## Stick-Built Draw Down Schedule

---

1%	Clearing and rough grading (rough driveway) completed.
10%	Foundation (excavation, foundation, and backfill) completed.
17%	Framing, trusses, sheathing, and roofing underlayment completed.
5%	Windows and exterior doors installed "weathertight."
3%	Well drilled or municipal water connected.
2%	Interior doors and hardware completed.
3%	Roof shingles completed.
4%	Siding, exterior trim and painting, gutters, and down spouts completed.
4%	Septic system and drain field installed or municipal sewer connected.
4%	Rough plumbing completed.
3%	Finish plumbing completed.
3%	Bathroom fixtures installed.
4%	Rough electric completed.
3%	Finish electric completed.
4%	HVAC—rough-in with units on site completed.
3%	HVAC completed.
5%	Insulation and drywall installed.
3%	Painting completed.
5%	Counter tops and cabinets installed.
2%	Appliances installed.
5%	Floor covering and tile completed.
3%	All trim completed.
2%	Deck, patio, entryways, steps completed.
1%	Final grading completed.
1%	C/O issued.

# Modular-Built Itemized Cost Breakdown

Use this itemized cost breakdown as a guide when meeting with your modular builder and sub-contractor(s) to assist you in determining your total cost to build. You will need to support all costs with written estimates on contractors letterhead or by a fully executed contract to build from a general contractor.

1.	Excavation and Grading	\$ _____
2.	Foundation	\$ _____
3.	Septic or Municipal Hook-up	\$ _____
4.	Well or Municipal Hook-up	\$ _____
5.	Modular Invoice Amount	\$ _____
6.	Siding	\$ _____
7.	Electric	\$ _____
8.	Plumbing	\$ _____
9.	HVAC	\$ _____
10.	Fireplace and Chimneys	\$ _____
11.	Hardwood Floors	\$ _____
12.	Tile Floors and/or Walls	\$ _____
13.	Interior Trim	\$ _____
14.	Interior Painting	\$ _____
15.	Exterior Painting	\$ _____
16.	Decks, Steps, Porches, Patios, etc.	\$ _____
17.	Gutters and Leaders	\$ _____
18.	Driveway	\$ _____
19.	Garage	\$ _____
20.	Other _____	\$ _____
	Other _____	\$ _____
	<b>TOTAL</b>	<b>\$ _____</b>



---

## Modular Schedule

---

- 10%** Foundation is complete.
- 2%** Cellar floor is installed.
- 2%** Rough grading complete.
- 65%** Balance of manufacturer's invoice due on delivery not to exceed of the loan amount. If any of the 65% of the loan amount is available after paying the balance due on the invoice upon delivery, it will be disbursed after the unit has been set on the foundation.
- 21%** For the following items completed at the time of inspection:
  - 2% Roof, exterior siding, and trim complete.
  - 2% Water supply connected.
  - 3% Sewer system complete.
  - 2% Heating complete.
  - 2% Electric complete.
  - 2% Plumbing complete.
  - 2% Interior trim complete.
  - 1% Interior painting complete.
  - 1% Floors complete.
  - 1% Final grading complete.
  - 2% Decks, steps and porches complete.
  - 1% C/O issued.



---

## Questions and Answers

---

### Can I act as my own general contractor?

**Yes.** However, you must pay very close attention to disbursement guidelines. Funds are only disbursed based on completed work and not for the purchase of materials. You should consult with your attorney, municipal building department, and insurance company regarding potential insurance issues. Maximum LTV for self-build project is 65%.

### Can I obtain financing to help purchase my land or pay off an existing lien on the land?

**Yes.** Ulster Savings Bank will finance up to 65% of the purchase price or the appraised value of the land (whichever is less). For example: if the purchase price of the land is \$50,000 and the appraised value is \$60,000, Ulster Savings Bank will fund 65% of the \$50,000 toward the purchase of the land. The amount of money advanced on the land will then be deducted from the total loan amount and all future disbursements will then be calculated on the reduced figure.

### If I own my land free and clear, can I draw on the equity at the construction loan closing?

If the land has been owned for less than one year, you may draw up to 65% of the original purchase price or appraised value (whichever is less). If the land has been owned greater than one year, you may draw up to 75% of the value of the land as determined by the appraisal.

## Can I submit my own disbursement schedule or make changes to Ulster Savings Bank's schedule?

**Yes.** Schedules can at times be revised to meet your particular needs. We do advise you to review our schedule with your builder first to determine whether or not he/she will be able to utilize it as opposed to an alternative schedule. Any alternative disbursement schedule must be finalized and approved by Ulster Savings Bank prior to your construction loan closing.

## Can I receive disbursements for the purchase of materials?

**No.** All disbursements from your construction loan are based upon completed work only.

## What will happen if I use other forms of credit during construction?

If the program option chosen is a two-close program, the use of other forms of credit may substantially change your financial picture to the extent that you may not qualify for the permanent financing.

## What will happen if I do not finish the home at the end of the term?

**For a two-close construction loan,** the loan is considered to be in default and a default interest rate may be put into effect. Further analysis would need to be made to determine if a refinancing of the construction loan into a new construction loan will be necessary to complete the project as all draws on the first loan will cease upon maturity.

**For the single-close construction loan,** all draws of any undisbursed funds will cease and the loan converts to a fully amortizing loan based on the principle balance of the loan at that time. An analysis would need to be made to determine if further financing will be necessary to complete the home.

## What is the purpose of verifying reserves?

The objective of reserves is to assure the bank that you have ample funds to allow for typical cost overruns, upgrades, etc.

## Can I convert to a permanent mortgage if I complete the house in less time than the construction loan term?

**Yes.** For our two-close construction loan, you may convert to a permanent mortgage at any time during the term of the construction loan provided you qualify, the house is 100% complete based on your inspection schedule, and we have received a certificate of occupancy.

**For the single close program,** you will continue to pay interest only until maturity of the construction period. At that time the loan will begin to amortize.

## Convenient Locations Throughout the Hudson Valley

<b>Gardiner</b>	2201 Route 44-55	845-255-4262
<b>Hyde Park</b>	4240 Albany Post Road	845-229-3080
<b>Lake Katrine</b>	1571 Ulster Avenue	845-336-4835
<b>Kingston</b>	280 Wall Street	845-338-6060
	180 Schwenk Drive	845-338-6322
<b>New Paltz</b>	226 Main Street	845-255-5470
<b>Newburgh</b>	1208 Route 300	845-567-3171
<b>Phoenicia</b>	58 Main Street	845-688-5965
<b>Poughkeepsie</b>	39 Burnett Boulevard	845-454-7144
	2680 South Road	845-473-3500
<b>Red Hook</b>	7296 South Broadway	845-758-4020
<b>Saugerties</b>	One Twin Maples Plaza	845-246-0124
<b>Stone Ridge</b>	3857 Main Street	845-687-7656
<b>Wappingers Falls</b>	1387 Route 9	845-297-5985
<b>Woodstock</b>	68 Mill Hill Road	845-679-8434

## Additional Mortgage Lending Center (representative offices)

### **GOSHEN**

3 Coates Drive  
Suite 6  
Goshen, NY 10924  
845-294-7922

---

Our Mortgage Specialists are available by appointment to meet you at the office location most convenient to you.

---

**Ulster**  **Savings**

[ulstersavings.com](http://ulstersavings.com) / 845-338-6322

NMLS# 619306 /  EQUAL HOUSING LENDER / MEMBER FDIC

