



One-Time Close Construction Loan Program





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Welcome to WCU's One-Time Close Construction Loan Program

Thank you for choosing Wauna Credit Union (WCU) as your partner in financing the home of your dreams! This manual on our One-Time Close Construction Loan Program provides detailed guidance on how to get your house built on time. Exciting benefits of the program include a locked interest rate, the builder of your choice, and credit union membership.

Please review the following pages to understand the construction loan qualification process and get a head start on the preparation of required documentation. If you would like additional consultation, we are happy to walk you through the process. Contact our Mortgage Team at 800-773-3236 Ext. 4444 with questions.

What does a construction loan entail?

Our One-Time Close Construction Loan program furnishes opportunities to reach financial well-being while you stay in control of your home's vision. Construction loans are ideal for funding primary residence building projects. Jumbo loan options are also available. Construction loans are different than traditional mortgages because you only pay interest during construction. Once your house is built, the construction loan converts to a 15 or 30-year fixed mortgage.

Benefits of the One-Time Close Construction Loan include:

- Only one set of loan fees
- Locked interest rate at issuance of loan estimate
- Low-rate interest-only payments during construction
- Work with the builder of your choice
- Streamlined approval by you knowing the documentation needed upfront
- Ease of application online or in person
- Wauna Credit Union membership

Qualifications and Member Responsibilities

Qualifying for our One-Time Close Construction Loan starts with membership eligibility. Already a WCU member? Great! Not sure if you're eligible? Reach out to our Mortgage Team to find out. Your construction property must be in our service area and you must meet membership eligibility through at least one of the following:

- You reside, work, attend school, or worship within our service area
- You own a business, organization, or legal entity within our service area
- You have a relative who is currently a WCU member

We provide cutting-edge products and service throughout four counties in the Pacific Northwest: Clatsop, Columbia, and Western Washington Counties in Oregon, and Pacific County in Washington. If any of the above apply to you within these four counties, you are eligible for membership.

Below ensures you're well on your way in qualifying for our One-Time Close Construction Loan:

- You meet membership eligibility
- Your property for construction is within our service area
- Your property will hold owner occupancy status (your primary residence)
- Your requested loan amount is less than the maximum allowed (jumbo loans are available)
- You have a qualifying down payment (equity in land may qualify toward down payment)
- You have a qualifying FICO score
- You have a qualifying contingency fund (may be included in loan amount/credit limit)
- You have funds for closing costs (may be included in loan amount/credit limit)
- You have funds for appraisal fees
- You have funds for inspection fees





Qualifying Documentation for Initial Credit Approval

When you're ready to apply, have the following prepared to expedite your loan approval:

If you work for an employer or have another source of income (provide what's applicable to you)

- Valid state-issued ID
- Pay stubs from the past 30 days
- W-2s from the past two years
- Federal Tax Returns from the past two years
- Proof of child support and/or alimony payment from the past 12 months
- Proof of pension, disability, or social security benefits from the past two years
 - 1099's from the past two years
 - Current award letter(s)
- Account statements from the past two months for the following to verify assets
 - Checking
 - Savings
 - Investment
 - Mortgages
 - Others
- Letter of explanation if you've filed bankruptcy or had derogatory credit in the last 10 years
 - A copy of the bankruptcy and discharge papers
- Names and addresses of landlords from the past two years
- Letter of explanation detailing source of funds for down payment
- Completed Uniform Residential Loan Application



If you're self-employed with a corporation, partnership, LLC, or LLP (provide what's applicable to you)

- Valid state-issued ID
- Business tax returns from the past two years
- Current balance sheet
- Profit and loss statement
- Federal Tax Returns from the past two years
- Proof of child support and/or alimony payment from the past 12 months
- Proof of pension, disability, or social security benefits from the past two years
 - 1099's from the past two years
 - Current award letter(s)
- Account statements from the past two months for the following to verify assets
 - Checking
 - Savings
 - Investment
 - Mortgages
 - Commercial Loans
 - Others
- Letter of explanation if you've filed bankruptcy or had derogatory credit in the last 10 years
 - A copy of the bankruptcy and discharge papers
- Names and addresses of landlords from the past two years
- Letter of explanation detailing source of funds for down payment
- Completed Uniform Residential Loan Application

Construction Documentation and Requirements

Below is what we need from you to fund your construction loan. WCU does not fund self-builds, so be sure to select a builder you trust!

IMPORTANT: DO NOT START CONSTRUCTION PRIOR TO LOAN CLOSE DATE

What you need to do:

- Acquire land for proposed construction project (loan can be used to purchase land at the same time)
- Select a builder
- Have your builder fill out a Builder Registration Packet
- Complete a contract between you and your builder
- Work with your builder to create home plans
- Have your home plans signed by an engineer or architect (if applicable)
- Work with builder to determine 12-month construction timeline
- Complete a budget/cost breakdown
NOTE: You must obtain a minimum of 2 bids for each line item that fall into the owner responsibilities
- Have all county-specific required documentation filed with county planning department
- Obtain a well or septic permit with proof of completed inspection
- Obtain building permits prior to funding

What you provide to us:

- Completed Builder Registration Packet
- Your completed and signed contract from between you and your builder
- Your completed home plans, specs, and materials list in PDF format
- Your completed 12-month construction timeline
- Your completed budget/cost breakdown
- Your well or septic permit with proof of completed inspection
- Your building permits



What's Next? Processing!

After we acquire qualifying documentation and loan-specific paperwork, WCU will follow up on your selected builder's credentials. We assess the builder based on their Builder Registration Packet, past work, online reviews, and licensing history. Your selected builder then becomes an integral part of what's called the "Construction Phase" of your loan, which encompasses the 12-month construction timeline, budget, inspections, and interest only payments.

Processing the loan application continues with an onsite, future value appraisal that is sent to Northwest Construction Control (NWCC) for review. After review, all collected paperwork is processed by WCU. Once approved, we'll coordinate with you and the title company to prepare your final loan documents so that you can sign and close on your loan.





Construction Phase Details

At this point, you have qualified for your loan and have submitted the required documentation outlining your construction project. Your loan has been reviewed and approved closing documents have been signed. We'll then disburse funds to pay existing liens attached to your property and fees associated with the loan. Next? Woohoo! You're ready to build!

Fund and Loan Draws

Draws are funds distributed to the builder and/or borrower from the loan amount after the completion of a pre-designated stage of the building process. For your builder to receive funds from WCU, the following steps must take place upon completion of each pre-designated stage of construction:

1. Builder completes pre-designated stage of construction as outlined in home plans OR follows a monthly draw schedule agreed upon with WCU
2. Builder provides to us a Draw Request Form and, if applicable, associated invoices
3. WCU contacts NWCC to schedule inspection of work
4. NWCC performs onsite inspection of work
5. NWCC sends inspection report to WCU
6. WCU disburses funds after review of inspection report

Some examples of mid-construction inspections required prior to draw disbursements include footings and foundation; rough in framing, plumbing, and electrical; insulation and vapor barriers; conditional inspections; and the final inspection. There may be other mid-construction inspections based on your home plans.

Draw requests can take up to 72 hours to disburse after receipt of the NWCC inspection report. Please be sure to pass this information on to your builder.

The provided funds to secure a construction loan (such as your down payment) are used as initial draw disbursements to the builder during the Construction Phase and prior to any loan disbursement. Once those funds are depleted, WCU will issue construction loan disbursements to the builder.

If you or your builder need to make a change order, please be aware that:

- All change orders must be sent to WCU
- Change orders will be drawn from contingency funds and not from the loan due to fixed price funding
- All improvements must be done before maturity date of Construction Phase and prior to Conversion Phase



Your Responsibilities During the Construction Phase

Communicate, communicate, communicate! Communicate with WCU and your builder. Weekly onsite visits during construction ensures satisfactory progress is made on your dream home.

In addition to keeping open communication channels, you are responsible for paying builder-ordered surveys, hazard insurance premiums, current property taxes, and the interest-only payments while your house is being built. Proof of payment for hazard insurance and current-year property taxes must be provided to us upon each payment while your loan is in the Construction Phase.

Final Draw Request and Conversion Phase Details

Final Draw Request

You're almost ready to move in! But first, more paperwork. Coordinate the following with us 30-45 days prior to project completion in order to convert your construction loan into your 15 or 30-year fixed mortgage:

- Builder/Owner submits final draw request and WCU coordinates a final inspection with NWCC
- You provide to us a copy of your Certificate of Occupancy issued to you by the county
NOTE: "Occupancy" does not mean your construction project is completed
- Reinspection is ordered by WCU with original appraiser
- You provide to us your homeowner's insurance policy for your new home
- Your builder provides to us a waiver and request for release of final payment

Conversion Phase

Ready to hang your hat? Because it's time! We work with you to establish a final loan balance that converts your construction loan into a permanent mortgage. During this phase, be mindful that:

- You provide any additional paperwork requested at the time of conversion
- Your monthly mortgage payment includes taxes and insurance once permanent financing is established

Advisory Note

We are excited to be your lending partner on the construction of your dream home! Please note that this endeavor should not be underestimated. Many people do not realize the costs and time involved to complete a home construction project. This One-Time Close Construction Loan manual should assist you in understanding the complexities of construction home projects. We hope the explanations of process and the items listed help you maintain foresight into what your next 12-18 months might entail. It can take up to 120 days from the completion of all required documentation before we can fund your loan, and in turn, you can start building. Never hesitate to contact our Mortgage Department or your WCU Real Estate Loan Officer to ask questions, seek clarification, or anything else with which you might need assistance.





Builder Registration

You're not a number. You're an individual.

Builder Information

Company Name: _____ Borrower: _____

Personal Name of Builder: _____ Loan Number: _____

Business Address: _____

City: _____ State: _____ ZIP: _____

Phone: _____ Fax: _____ Email: _____

To Provide with this Form

- Builder Resume
 - List of 3 trade references
 - Minimum of 2 projects completed within the last 12 months
 - Color photos of included projects
- Builder/Business License
- W-9 (if applicable)
- Liability insurance with minimum coverage and must be in effect until construction has been completed
 - Should also include workers compensation insurance
- Builders risk coverage provided by builder (if applicable)
 - Policy must name Wauna Credit Union as additional insured
 - Insurance should provide 30-day written notice of cancellation to Wauna Credit Union

In signing below the builder/contractor acknowledges and agrees to the following:

- Wauna Credit Union does not approve builders but builds a profile of each builder
- To supply all lien releases for each draw
- Wauna Credit Union does not guarantee the builder and or assignees/subcontractors
- Next day draw requests are only allowed when transferring into a Wauna Credit Union account

Builder's Signature

Builder's Printed Name and Official Title

Date

Draw Deposit Information

Wauna Credit Union Account No. _____

Wire Receiving Bank Name: _____

Routing No. _____ Account No. _____



Builder Resume

You're not a number. You're an individual.

Contact Information

Name: _____ Account No. _____

Address: _____

City: _____ State: _____ ZIP: _____

Phone: _____ Cell: _____ Email: _____

Building Permit: _____

Building History

Are you currently or have you ever been employed in the construction industry? Yes No

Years of Experience: _____

Experience:

- Framing Electrical Plumbing Concrete
- Roofing Excavation Masonry Flooring/Tile
- Blueprint/Design Finish Work Other

Other related experience:

Summary of Education (attached all certifications):

Quantity of Homes Previously Built: _____ Dates: _____

Current Builds/Improvements (i.e. well and septic installation, complete through framing, etc.):

Authorized Signer: _____ Date: _____

Authorized Signer: _____ Date: _____



12-MONTH CONSTRUCTION TIMELINE

WORK TO COMPLETE	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
PLANS/PERMITTING												
WELL/WATER												
SEPTIC/SEWER												
EXCAVATION												
FOOTINGS/FOUNDATION												
INSIDE CONCRETE												
FRAMING												
ROOFING												
EXTERIOR DOORS/WINDOWS												
SIDING/EXTERIOR PAINT												
ROUGH IN PLUMBING												
ROUGH IN MECHANICAL												
ROUGH IN ELECTRICAL												
INSULATION/VAPOR BARRIER												
SHEETROCK/TAPE/TEXTURE												
INTERIOR PAINT												
INTERIOR DOORS/TRIM												
CABINETS/COUNTERTOPS												
FINISH FLOORING												
FINISH PLUMBING												
FINISH ELECTRICAL												
PUNCH OUT												
NOTICE OF COMPLETION												
LONG TERM LOAN CLOSING												



Cost & Budget Breakdown

You're not a number. You're an individual.

Member Name: _____

Builder Name: _____

Property Address: _____

Legal Description: _____

Land Cost

Land Payoff (\$ _____) _____
 Land Costs \$ _____
 Total \$ _____

Plan & Permit Estimates

Plans/Permits \$ _____
 Engineering \$ _____
 Inspections \$ _____
 As-Built Survey \$ _____
 Total \$ _____

Site Preparation Estimates

Water/Well \$ _____
 Sewer/Septic \$ _____
 Excavation \$ _____
 Total \$ _____

Framing Estimates

Framing Package \$ _____
 Siding/Exterior Paint \$ _____
 Roofing \$ _____
 Framing Labor \$ _____
 Total \$ _____

Millwork Estimates

Exterior Doors/Windows/Trim \$ _____
 Garage Doors \$ _____
 Interior Doors/Trim \$ _____
 Finish Labor \$ _____
 Total \$ _____

Plumbing/Heating/Ventilation Estimates

Rough In \$ _____
 Finish \$ _____
 Heating \$ _____
 Ventilation \$ _____
 Total \$ _____

Electrical Estimates

Rough In \$ _____
 Finish/Light Fixtures \$ _____
 Specialty Wiring Equipment \$ _____
 Total \$ _____

Interior Completion Estimates

Insulation/Vapor Barrier \$ _____
 Sheetrock/Texture \$ _____
 Cabinets \$ _____
 Countertops \$ _____
 Floor Coverings \$ _____
 Fire Place Rough In/Finish \$ _____
 Hardware \$ _____
 Interior Painting/Finish Details \$ _____
 Appliances \$ _____
 Finish Labor \$ _____
 Other \$ _____
 Total \$ _____

Miscellaneous Estimates

Contingency \$ _____
 Other \$ _____
 Other \$ _____
 Other \$ _____
 Total \$ _____

Financing Cost Estimates

Const. Loan Origination Fee \$ _____
 Interest Expense \$ _____
 Closing Costs \$ _____
 Appraisal \$ _____
 Construction Insurance \$ _____
 Total \$ _____

Total Estimated Construction Costs \$ _____

Member(s) Signature(s) _____

Date _____

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