

CONSTRUCTION- PERMANENT MORTGAGE



YOU'VE THOUGHT ABOUT IT.
YOU'VE TALKED ABOUT IT.
NOW YOU ARE READY
TO BUILD YOUR OWN HOME.
LIBERTY BANK IS THERE
FOR YOU. WITH LIBERTY
BANK'S CONSTRUCTION-
PERMANENT MORTGAGE
PROGRAM IT'S EASY TO
BUILD YOUR DREAM HOUSE.



What is a Construction-Permanent Mortgage?

Our Construction-Permanent Mortgage is a loan that automatically converts from a construction loan to a permanent loan once the construction is complete— with just one closing! Forget about the additional cost of another closing. Just think of the extras you can put into your home with all the money you'll save!

Who will guide me through all the paperwork and stages of building?

One of the best reasons to choose Liberty Bank for your Construction-Permanent Mortgage is that you will receive fast, local service. Your mortgage paperwork, your loan closing, and all inspections during the construction phase are handled efficiently by local people who understand your needs. You ask the question; we have the answers!

WWW.LIBERTY-BANK.COM

Are land purchases included in this program?

With a Liberty Construction-Permanent Mortgage, you can finance up to 75 percent of the value of your land at closing.

Liberty Bank will help you simplify the entire process and give you more time to make your dream of building a home a reality for you and your family. We are with you every step of the way. You will be amazed at how personalized, local service will make building your home a pleasure.

To learn more or to apply for a Liberty Bank Construction-Permanent Mortgage, call us at (800) 433-3656.

BUILDING A NEW HOME MIGHT SEEM INTIMIDATING, SO HERE ARE SOME BASICS:

General Contractor

Your general contractor must be licensed and regularly engaged in building homes.

Down Payment

Your down payment may be either cash or equity in your land.

Loan Amount

The maximum loan amount is \$1,000,000. In most cases we will lend you up to 80 percent of the lowest of these two values:

- >> 1. The land value plus the construction cost
- >> 2. The final appraised value

Flexible Terms

We offer a fixed rate or an adjustable rate mortgage, depending on your individual financing needs.

Billing and Payments

We will bill you for interest-only payments on funds advanced during the construction period of up to 12 months.

Foundation Survey

We will ask you to supply a foundation survey to verify the proper placement of your foundation after footings are poured.

Property Inspections and Verifications

When you ask us to disburse loan funds, we'll have an inspector verify that the work is complete and estimate the current value of the project. You should plan on four site inspections during construction. Funds are not paid to the builder in advance or for incomplete items.

Inspection Fee

A fee collected at your closing pays for the four site inspections. There may be an additional fee if more inspections are required.

Ordering Inspections

To schedule inspections, simply call our loan servicing department at (800) 932-5776 or (860) 638-2928 at least two business days in advance.

Progress Report

We give you a cost/payment status report, which must be completed by your contractor and returned to us before each advance of loan funds.

Loan Disbursement

After a site inspection and approval, allow up to one week for loan funds to be disbursed. For your convenience, we can deposit the money directly into your Liberty Bank savings or checking account. If you prefer, you can pick up your check at the bank or we can mail it to you.

Changes During Construction

Let us know about any design or material changes during construction. Plan to pay for changes that increase the original construction budget. We'll monitor the overall project and funds disbursement schedule to make sure changes don't lower your property value.

Contingency

If your loan exceeds 80 percent of the value of your property, we will hold 10 percent of the loan amount to ensure the project is completed satisfactorily. When a certificate of occupancy is issued and a satisfactory final inspection is completed, the remaining funds will be disbursed.

Loan Closing

Please schedule your loan closing five business days in advance so we can prepare your loan documents. Building permits will be required prior to scheduling. If you wish, we'll be happy to review these documents with you before the closing. You should plan to pay all closing costs at the time of closing.

Insurance

Based on the type of construction financing you need, we may ask you to obtain one or more of the following types of insurance:

Fire and Hazard Insurance—This needs to be no less than the replacement cost of the insurable improvements with an acceptable construction clause.

Contractor's Insurance—The contractor must provide general liability insurance coverage of at least \$500,000. Risk insurance covering 100 percent of all buildings and improvements is required during the construction period.

Worker's Compensation Insurance—The general contractor and any subcontractors must provide proof of adequate worker's compensation insurance.

Flood Insurance—If your property is located in a flood zone, you will need proof of flood insurance at the time of closing.

Title Insurance—Your attorney should provide a mortgagee's policy for the full amount of the mortgage, drawn to Liberty Bank, with a clause covering construction loans.

Permanent Mortgage Option

With a Liberty Bank Construction-Permanent Mortgage, you have up to 12 months to complete your home. At the end of this period (or sooner if applicable) your loan will be converted to a permanent mortgage. No second or additional closing costs will be necessary.

Loan Application

We will need the following items in order to process your loan application. Your contractor should be able to help you provide us with them.

- >> Signed contract with general contractor
- >> Two complete sets of house plan
- >> Materials and specifications outline
- >> Itemized cost breakdown
- >> Plot plan
- >> Builder profile if we haven't worked with your builder in the past



315 Main Street
P.O. Box 2700
Middletown, CT 06457
(888) 570-0773
www.liberty-bank.com

MEMBER FDIC
EQUAL HOUSING LENDER