



Construction Loan Guide



Dreams Grow Here

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 Town & Country Bank and Trust Co.

Town & Country Bank has been making home loans for over 100 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.*



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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 | 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 | 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	8					
Footings	12	4					
Foundation Wall/Blocking	18	6					
Floor/Framing/Slab/Basement	1	8					
Stage One Completed							
OS Wall Framing	1	8					
IS Wall Framing	1	8					
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					

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!

Call: 1-877-813-3282

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

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

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

Nicholasville Banking Center
3082 Brannon Road
Nicholasville, KY 40356
Phone (859) 245-0836

Or for more information

Visit: www.mytcbt.com



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