

Construction Lending at St. Mary's Bank

Below is a general outline of the construction lending process at St. Mary's Bank.

PROJECT DOCUMENTATION

St. Mary's Bank (SMB) requires the information listed below at the time of application. SMB also reserves the right to also require additional project or borrower information as deemed necessary or appropriate.

- A. **Copy of proposed site plan**
- B. **Copies (known as "buildable" plans) of the construction plans, including floor plans**
- C. **Detailed listing of construction and materials specifications**
- D. **Copy of septic system approval (if applicable)**
- E. **Copy of building permit**
- F. **Signed contract with General Contractor for a completed project, with terms acceptable to SMB**
- G. **A construction budget specified by line item**
- H. **A subdivision plan, if applicable**
- I. **List of major sub-contractors and major materials suppliers**
- J. **Deed with legal description**
- K. **Contractor's general liability insurance and workman's compensation coverage**

- L. **Builder's risk and property insurance certificate**

- M. **Your signature below on this document to acknowledge that you have been informed of SMB's construction loan procedures including a general summary of the Mechanic Lien Law as described below**

In addition to the above-required information, the following documentation and conditions shall be met:

- (i) Prior to loan approval, borrower(s) shall acknowledge below, in writing, that they have been informed of the procedure for receiving construction loan advances.

- (ii) Prior to loan approval, a qualified agent (construction consultant), working on behalf of SMB, will review all plans and specifications to determine compliance with construction standards, completeness, and materials quality.

- (iii) Prior to loan approval, the construction consultant working on behalf of SMB will review the construction budget for adequate and proper pricing within the proposed budget. The Borrower will be responsible for the fee associated with the construction review and inspections.

- (iv) Prior to loan approval, the construction consultant will review the list of subcontractors and suppliers, with costs exceeding \$5,000 for conformity to the budget. The borrower will be responsible for the fee for the Construction Consultant Review.

CONSTRUCTION LOAN DISBURSEMENTS

Funds will be disbursed on a periodic basis, as requested by the borrower. Disbursements will be released only for labor and materials completed and/or installed to date.

- A. All loan disbursements must be requested by the borrower and will be paid to both the borrower and General Contractor.

- B. Certifications of previous payments and contractor affidavits stating that previous disbursements were properly made will be required prior to releasing any disbursement.

- C. Subcontractors will be required to provide lien waivers totaling the amount of work previously disbursed and paid for.
- D. Prior to the disbursement of construction funds, a qualified employee or agent of St. Mary's Bank (working on behalf of St. Mary's Bank) shall have performed a written inspection of the project to assure that the work (for which funds have been requested) has been completed. Said agent will review all plans and specifications to determine compliance with construction standards, completeness and materials quality. The construction consultant will review the construction budget for adequate and proper pricing within the proposed budget. The agent shall also verify that all postings and notifications, as required by New Hampshire Mechanics Lien Law are properly displayed. Disbursements may be subject to a holdback of funds ("retainage") to ensure project completion and occupancy permits as issued by the municipality. Retainage may not be released until satisfactory project completion has been verified by St. Mary's Bank together with conformity to all obligations to St. Mary's Bank. St. Mary's Bank legal counsel will run a title update prior to each disbursement to verify that there are no outstanding liens on the subject property. The Borrower is responsible for all fees associated with the inspections and the title updates.
- E. St. Mary's Bank will not provide loan funds for advance payments to contractors, sub-contractors, or suppliers.

OTHER CONSTRUCTION LOAN REQUIREMENTS:

- Contingency: The loan amount shall contain a 5% construction contingency.
- Project equity: Construction projects require a minimum 25% equity injection by borrower, prior to construction line disbursements.
- Borrower Cash Reserve: Borrower must have sufficient liquid assets after closing, to cover potential construction cost over-runs, to a minimum amount of 10% of the estimated construction costs.
- Costs: Whether or not the loan shall close, the Borrower is responsible for all costs including but not limited to, appraisal, title, legal, inspection, recording, environmental, insurance premiums, document preparation, and loan set up costs..

- Loan documents: Subject to standard bank documentation being executed by borrower.
- Appraisal: Full appraisal, by a lender-approved appraiser, must support an “as completed” loan to value of 80% or less.
- Environmental Site Inspection: The loan is subject to a satisfactory Transaction Site Screen Report to be ordered by St. Mary’s Bank and conducted by a St. Mary’s Bank approved Vendor.
- General Contractor Approval. General Contractors hired by the borrower will be subject to St. Mary’s Bank review and approval.
- Zoning: The borrower must show that the intended use for the property complies with all zoning requirements.
- Value: Loan to value ratios (LTV) may not exceed 80% of the “as completed value.”
- Security position: Valid first Real Estate Mortgage position required with Collateral Assignment of Leases and Rents.

PLEASE NOTE:

The foregoing is intended to be general in nature and is not intended to cover all possible terms, conditions, circumstances, or contingencies. This document is not a loan application. Loan approval is subject to St. Mary’s Bank review of comprehensive project and borrower information, receipt of an acceptable “as completed” appraisal, and environmental due diligence on the subject property. Other terms, conditions, and restrictions may apply. The borrower is solely responsible for the progress and outcome of the construction. The inspections and reviews conducted by St. Mary’s Bank are for the sole benefit of the bank and are not intended to provide any representation or warranty to others.

Please sign and date below and return to your loan officer as soon as possible.

The foregoing is understood and acknowledged:

By: _____
Applicant

Date: _____

By: _____
Applicant

Date: _____