



FIRST NATIONAL BANK
of Michigan



Residential
Construction
Loan Program

01.01.2021

First National Bank of Michigan is pleased to have the opportunity to work with you and your contractor on your residential construction project.

The following information provides an overview of our Residential Construction Lending Program. The packet includes general information and guidelines, along with a list of documents required to process and close your loan.

Please review this information. When you're ready, give us a call. Our experienced staff will be glad to answer questions.

Downtown Kalamazoo – 348 West Michigan Ave, Kalamazoo MI 49007
(269) 349-0100

Downtown Grand Rapids – 141 Ionia Ave N.W. Suite 1, Grand Rapids MI 49503
(616) 242-6500

Woodbridge Hills – 2700 W Centre Ave, Portage MI 49024
(269) 488-0290

Kalamazoo West Side – 5313 W Main St, Kalamazoo MI 49009
(269) 250-8860

Holland – 1 West 8th, Holland MI 49423
(616) 251-1200

Lansing– 101 South Washington Square, Lansing MI 48933
(517) 319-8000

Thank you for choosing First National Bank of Michigan for your construction financing. We look forward to working with you and your contractor.

Note: All loan programs are subject to credit approval and collateral restrictions.

This document is for educational purposes only. It is not a commitment to lend. The rights and duties of the parties in connection with any loan to be made by the Bank will be set forth in various documents signed by the parties at the closing of the loan transaction. First National Bank of Michigan reserves the right to modify procedures and loan programs described in this brochure at any time without notice.



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Eligible Properties

The property must be the borrower's primary residence or second home. We can finance construction on real estate you already own or are purchasing. We also offer options for remodeling existing residences, from a small project to a complete tear down and rebuild.

Construction Period

Our standard construction loan term is 6 - 12 months.

Borrower's Funds

Borrowers must have at a minimum, 10% down payment. Value is determined by an "as built" appraisal which takes your plans, specifications (specs), and property into consideration. Loan to value is the requested amount of your loan divided by the value.

Financing

Interest only payments will begin following the date the first draw is disbursed and continue monthly until the completion date. Interest payments are calculated on the total amount of construction funds disbursed to date. Upon completion and processing of the final draw, your loan will begin principal and interest payments.

First National Bank of Michigan will send billing statements for interest due prior to the due date indicated on the billing statement. Interest payments received more than 10 days after the due date will be charged the applicable late fee.

Your interest payments can be mailed to:

348 West Michigan Ave.
Kalamazoo MI 49007

Or be paid at one of our branch locations most convenient to you. Automatic payment options are available.



At Application

The following is a list of documents that you will need to provide to the bank. Additional items may be required.

- 2 yrs. Tax Returns - Federal
- 2 yrs. W-2 forms
- If self-employed, then 2 yrs. Business Tax Returns - Federal
- 30 days' paycheck stubs
- Assets - 2 months bank statements (checking, savings, investment, etc.)
- Proof of deposit paid to builder
- Other information may be required specific to your financial situation. If so, your Loan Officer will provide you a list.

The Builder

The following is a list of documents that you and your builder will need to provide to the bank. Additional items may be required.

From the builder/general contractor

- Executed construction contract
- Plans and specs
- Cost breakdown (sworn statement – notarized)
- Builder's license
- Builder's risk insurance including workers' compensation
- Builder's profile package
- Building permit – prior to first draw disbursement

From you

- Builders Risk Insurance Policy

First National Bank of Michigan performs a business review of the builder/general contractor as part of the credit decision process. Our review is not meant to replace your responsibility as a borrower to research and perform due diligence on your choice of contractors.

Construction and Draw Process

Ground Breaking

Construction work cannot be performed until the mortgage and notice of commencement have been recorded with the county where the property is located. Therefore, it is extremely important that the builder contact the title company before starting construction to determine any special requirements (surveys, lien waivers, indemnification, etc.).

Draw Process

Request for construction draw should be submitted to First National Bank of Michigan. Typical disbursement turn-around time is three to five business days upon receipt of the request

First National Bank of Michigan will work hand in hand with the designated title company during the draw process. The title company will review the draw for necessary lien waivers, verification of the sworn statement and order an update to the title of the land to verify no liens have been placed.

An inspection will be required **prior** to the disbursement of each draw to ensure the required work has been completed. Inspections will be ordered by our Loan Operations Department and are performed by a First National Bank of Michigan authorized appraiser.

Borrower's funds to be used for construction will be disbursed **prior** to construction loan funds being disbursed. Borrower funds will be placed in an account managed by First National Bank of Michigan and disbursed upon bank demand.

Construction funds are disbursed monthly based on actual costs of completed work. The bank does not advance for material down payments or stored materials not yet installed. Draw requests must be signed by the contractor. Each draw will be paid directly to the contractor.

In the event borrower and general contractor agree to change orders or to additional costs, the borrower is responsible to pay those directly to the general contractor prior to the general contractor requesting the next draw from the bank. The borrower and general contractor agree to provide the bank with a copy of the borrower-signed change order authorizing the changes.

The **final** draw will occur when First National Bank of Michigan and designated title company receive a certificate of occupancy, satisfactory final inspection, full lien waivers for all previously paid items, and final title endorsement from designated title company.

If majority of construction is complete and unfinished items are weather-related, remaining funds will be placed in an escrow account. The title company of record will monitor the escrow funds through completion of construction.



Builder Profile

Business Name

Address:

City/State/Zip:

Telephone:

Fax:

Name of Principals:

Business Type Corporation _____ Partnership _____ Individual _____ Other _____

1. How many years has your organization been in business as a general contractor?

_____ years

2. Please list people for whom you have built a home. Include name, address and phone number. Provide three (3) references.

a. _____

b. _____

c. _____

3. Number of homes built over past three (3) years.

a. Year _____ Number built _____

b. Year _____ Number built _____

c. Year _____ Number built _____

4. How many homes are scheduled to be built this year? _____
5. Please list current credit references of subcontractors or suppliers. Include phone numbers. Provide four (4) references.
 - a. _____
 - b. _____
 - c. _____
 - d. _____
6. Please provide title company reference. Include name and phone number.
 - a. _____

Please attach the following:

- Copy of Builder's License (License No. _____)
- W - 9 (self-builders)

I/We submit for your consideration the above information to become a participant in First National Bank of Michigan's Construction Loan Program. I/We acknowledge that my signature herein authorizes the above named references to furnish credit information to First National Bank of Michigan.

Builder's Signature

Date

Bank Use: due diligence performed by third party (credit dept., etc.)

First National Bank of Michigan

Builder approval for _____

All builders must be approved by one of the following:

Jefra A. Groendyk
Steven K. Piper
Daniel E. Bitzer

Approval Signatures

Signature

Date

Signature

Date