

ONE-TIME CLOSE CONSTRUCTION HOME LOAN



Build new, renovate, or tear down to start fresh



800.942.6269

AmboyBank.com/OneTimeClose

Visit a branch



A great mortgage solution for building and remodeling

Amboy Bank is pleased to have the opportunity to work with you and your contractor on your residential construction project. Our One-Time Close program provides financing for the construction, as well as the permanent financing, in one easy closing. You no longer have to pay for two closings.

When you make the decision to finance your project with Amboy, you will have the benefit of working with a local and experienced advisor who can guide and support you through the process from beginning to end. Since our lending team has extensive knowledge of the product and process, they will be responsive to your needs and questions as they arise.

Because we don't sell our loans, we'll be with you for the life of the loan, and you can contact us directly with any questions.

Benefits of One-Time Close

Simplicity and Convenience

Combines two complex processes into one, making the home construction process less daunting for borrowers.

Cost Savings

Reduces the total costs associated with closing on two separate loans.

Flexible and Supportive

Supports a wide range of construction projects, from custom homes to standard models, providing flexibility to meet diverse needs and preferences. It's hassle-free for builders, and the fixed-rate mortgage for permanent financing begins after construction is completed.

Key Features

One-Time Closing

The single closing process means borrowers only go through the loan approval and closing process once, saving time and reducing paperwork.

Lock-In Interest Rate

Borrowers can lock in their interest rate early in the application process, protecting them from potential rate increases.

Interest-Only Payments

During the construction phase, borrowers are required to make interest-only payments, which helps manage cash flow more effectively.

Things You Should Know

Eligible Properties

Owner-occupied one-to-two family New Jersey residences. The property must be a primary residence or second home.

Land

Land will be valued at the lesser of the cost or appraised value, if purchased in the past 12 months. If owned for over 12 months, the appraised value will be used. If purchasing land as part of the construction permanent loan, a maximum of 50% of the land will be financed.

Borrower Funds

The maximum loan amount cannot exceed a loan-to-value of 70% for conforming loans and 60% for jumbo loans. Mortgage loans with balances over \$625,000 will be reviewed on a case-by-case basis. Loan-to-value is considered the lesser of the appraised value or acquisition cost.

Loan Term

The maximum term of the loan is 30 years, which includes the construction period. The principal and interest payments will be amortized over the months remaining after full disbursements of the proceeds.

Construction Period

The maximum term of the construction phase may not exceed 12 months. Under certain circumstances, completion of a project may require additional time. Amboy Bank will work with the borrower and the contractor, if needed.

The Financing Process

1. Choose a Builder

After you have purchased the land, find a reputable builder in your area who meets eligibility requirements for financing, including three years minimum experience building residential homes, a minimum of \$1 million per year in volume, and that their primary business is building residential homes.

2. Prepare a Contract

We'll work with you as you prepare a contract with your builder to determine if the home is within your budget and what the cost and timeline will be to build your home and finance it.

3. Begin the Loan Process

Once you review and sign the contract, it will be evaluated by our construction underwriting team. Signing the contract and providing needed documentation usually takes only a few days.

4. Underwrite the Loan

Our underwriting team will evaluate and potentially approve the loan for the construction process, as well as the permanent portion of the loan in one single step.

5. Close the Loan

With a final review of all the financial information you submitted, including documentation of current income and financial liabilities, you can sign the paperwork to close on your loan and secure financing.

6. Begin Construction

You'll begin construction on your new home within 30 days of the closing date. Your construction team will provide you with regular updates on the progress of your home. We'll manage the construction phase, including ordering draw inspections and any state-required surveys and inspections.

Getting Started

The approval process for the One-Time Close Construction Home Loan is similar to the approval process for any other form of mortgage financing. We'll review your income, assets, liabilities, credit history and an appraisal. It may take a few extra weeks, however, to review the plans, specs and contract.

Documentation

You may be asked for the following items:

- Copy of the deed for the land
- Closing disclosure for the purchase of the land if purchased within six months of applying for the loan
- Contract with a builder (You'll need to select a licensed general contractor. You're not permitted to serve as your own. The choice of a builder is yours alone, and it's your responsibility to monitor your builder's performance.)
- Complete builder information (For example, company name, address, phone number and federal taxpayer identification number), an IRS W-9 form, and a copy of the builder's business license
- Plans and specifications for your new home
- Certificate of liability insurance for the builder
- Hazard insurance covering the property during construction in the form of a builder's risk
- Building permit

You'll lock in your mortgage interest rate at application. During the construction phase, interest rate will be 1% above the locked in permanent rate.

Processing the Loan

Shortly after you submit your completed application, you'll receive disclosures with important information about your loan and the processing of your loan.

- One of the disclosure will be titled "Disbursement Authorization Instructions" which both you and your builder will need to complete and sign.
- Supplying us with required documentation in a timely manner will help us process your loan more efficiently.
- We will order an appraisal once we receive the appraisal fee, plans, specs, and the fully-executed contract.
- Please inform your loan officer if you pay any additional fees directly to your builder while your loan is in process, so you can receive proper credit for the payment at closing.
- If additional funds are needed (in excess of the loan amount) to complete the construction or renovation of your home, you must provide these funds to us prior to closing.

Closing the Loan

The closing process for the One-Time Close Construction Home Loan is similar to the closing process for any other mortgage. However, unlike a standard mortgage, fees will be collected at closing for inspections that took place at various times during the construction phase.

An inspection is required before each draw disbursement to the builder. If, for some reason, more inspections are required beyond what is collected for at closing, you'll be billed separately for the additional fees.

If you need funds for a builder deposit at closing, we can disburse up to 10% of your construction costs less any money you've paid to the builder prior to closing. However, we may deduct the deposit amount from the builder's initial construction disbursement.

Disbursements

Initial Construction Disbursement

Your initial construction disbursement can take place at closing or sometime after closing. If you personally contributed budget-approved funds to initially start the construction or renovation, we can reimburse the funds as part of the initial loan proceeds. Before we're able to make the first disbursement, we must have the following documents:

- Property inspection
- Foundation survey, if the foundation is in place prior to closing
- Builder's certificate of liability insurance
- Proof of hazard insurance covering the property during construction in the form of a builder's risk
- Building permit

Disbursements During Construction

- Construction loan disbursements occur periodically during construction as work is completed and verified by inspection.
- Disbursement requests are typically made by the builder.
- When we receive a disbursement request, we'll order an inspection, and a title update if applicable. If title updates are required for your property, you'll need to pay a fee for each update. Talk to your closing agent or attorney prior to your loan closing to determine how you'll be billed for these fees.
- Generally, we disburse funds within two business days of receipt of the inspection, title update, and any other required documents.
- The amount of the disbursement is based on the work completed, as specified in the inspection report.

Servicing the Loan

Once your loan transitions to the permanent phase, you'll begin making monthly principal and interest payments. Your new mortgage payment will also include escrow for your property taxes and hazard insurance. You will sign a letter and escrow disclosure that includes a breakdown of your new principal, interest and escrow amounts.

Because we don't sell our loans, we'll be with you for the life of the loan, and you can contact us directly if any questions or new needs arise.

Additional Information

Extensions

Amboy Bank may permit an extension of the loan if the house is not complete by the completion date set forth in the loan agreement with Amboy Bank. The borrower must make a written request for an extension no later than 30 days prior to completion date. The borrower is responsible for all fees associated with the loan, including but not limited to, an extension fee and any interest due at the time of the extension.

Financing

Construction funds are disbursed based on completed work. Draw requests must be signed by the borrower and/or contractor for each draw. Work will be verified by a satisfactory inspection. Inspections will be ordered by the Residential Lending department and performed by an Amboy Bank-authorized inspector.

The final draw will be disbursed when Amboy Bank receives a Certificate of Occupancy and satisfactory final inspection of the property. A final house location survey may also be required prior to the final disbursement as a requirement of the Title Company.

Interest-only payments will begin following the date of the first draw and continue until the completion date. Interest payments are calculated on the total amount of construction funds disbursed to date.

The Loan Servicing department will send billing statements for interest due prior to the due date indicated on the billing statement. Interest payments received more than 15 days after the due date will be charged the applicable late fee.

We're Here to Help

Talk to our local mortgage experts

Call us at 800-942-6269 to talk to an expert right here in New Jersey.

Visit your nearest branch

Visit any of our branches conveniently located throughout Middlesex and Monmouth Counties.

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Visit AmboyBank.com/OneTimeClose for more information.