



# Building Your Dream Home?

Let Delta Bank guide you with a few key points to consider before you begin construction!

## CONSUMER INTERIM CONSTRUCTION LOANS – WHAT YOU NEED TO KNOW

- We know your decision to build a new home is a very important one. Our lenders have years of experience in helping our customers through this exciting and sometimes challenging process. We hope that you find this brief guide a useful tool as you begin to undertake this process. Our lending staff is available to meet with you to discuss your plans and needs. Delta Bank also offers multiple options for financing through our secondary market mortgage lending department that works in conjunction with our construction loan staff to find a permanent loan that meets your needs.

## ONE-CLOSE CONSTRUCTION TO PERMANENT LOAN

- Delta Bank is also pleased to offer a **One-Close Construction to Permanent Loan**. With the Delta Bank One-Close, you literally do everything one time, all while dealing with your local Delta Bank professional: ONE application; ONE approval; ONE rate; ONE set of closing fees.

## NO WORK AFFIDAVIT COMPLETED AND RECORDED WITH MORTGAGE

- It is very important that no work begin on your land prior to the Bank's mortgage being executed by you and recorded at the Parish/County Courthouse. Labor liens are given first priority ahead of any mortgages. However, by properly inspecting, executing and filing this "No Work" Affidavit, no material liens can prime the Bank's mortgage; this protects both you as the customer, and the Bank. Any lien that might be filed subsequent to the mortgage/no work affidavit will have to be resolved prior to refinance or sale; however, any

such lien would not have the benefit of being in a first position, ahead of your mortgage to the Bank. (Please note: Mississippi law does not require a No Work Affidavit; a lien waiver is required for each draw between the customer and the contractor.)

## SURVEY

- A new survey may be required prior to beginning construction, depending on how recent the last survey was done and the size and shape of your property. This decision is at the discretion of the Bank, and each situation is different. If you are a purchaser of the land you are mortgaging, it is normally advisable to have a survey performed, so that the property lines, setback lines, etc., are clearly understood.

## ATTORNEY

- You may choose the attorney that researches the title and files the Bank's mortgage, provided the attorney is on the Bank's approved list, can write title insurance and has experience closing mortgage loans that are sold in the secondary market, as applicable. The attorney will research the title on the property you own and/or are purchasing in order to assure that no liens or encumbrances impair the ability of the Bank to obtain a first mortgage on your property.

## APPRAISALS

- The Bank will engage a qualified appraiser (approved by the Bank) to perform an independent appraisal "as completed" which reflects current market conditions. The appraiser will be provided a copy of the plans, a description of the lot and the specifications of your project. After the construction is completed, the appraiser will re-visit the property to finalize the report and affirm that the property was completed as per the plans.

## INSPECTIONS

- Periodic inspections will be performed on your construction project, either by your Delta Bank loan officer or an independent third party. These inspections do not certify quality of construction. The purpose is to determine the percentage of completion of the home as compared to the percent of the amount advanced on the loan.

## 10% RETAINAGE WITHHELD

- The Bank will generally allow up to six draws during the construction of your home. We reserve the right to fund up to ninety percent (90%) of your loan, until your home is 100% complete and to your satisfaction. This helps assure that the final "punch list" items are completed and your contractor(s) have an incentive to return.

## BUILDER'S RISK INSURANCE

- This coverage is required in all cases. Proof is to be provided to the Bank, listing the Bank as first mortgagee. No advance will be allowed (for improvements) without proof of coverage. This insurance protects your

improvements from fire, wind, etc. while your home is being built. This coverage usually converts to a homeowner's policy when your home is complete and you are ready to move in.

## WORKMAN'S COMPENSATION

- Workman's compensation is an insurance coverage carried by your contractor (Louisiana state law requires a licensed, certified contractor to provide this coverage.)
- Workman's compensation coverage is for the individual laborers on your construction project. This coverage protects them and you should they get injured from a nail gun, falling off a roof or scaffold, etc. Their recourse is to sue the property owners — you — should they not have other coverage.

## FLOOD INSURANCE

- The Bank will obtain a flood certificate on your property, and if it reflects that you are in a Flood Zone, we are required by law to obtain coverage prior to closing. This type of insurance, if indicated, is a requirement, there are no exceptions. Your Delta Bank loan officer can assist you in determining the dollar amount of coverage that will be necessary for your loan.

## CONTRACTOR

- Homebuilding is a unique business that entails many financial risks. Delta Bank highly encourages all of our customers to choose a turnkey contract from a reputable certified contractor when building a new home. Due to the inherent risks involved in construction, Delta Bank also reserves the right, at the Bank's sole discretion, to approve or disapprove of the contractor chosen...for any reason. A copy of your written executed contract with your contractor will be retained for the Bank's files.

## CONTRACTOR'S LICENSE

- Delta Bank may require a copy of the contractor's license. The Bank may request the names of suppliers and individuals that the contractor has previously done business with. The Bank may conduct reference checks with the businesses and the individuals. The Bank does this for YOUR protection and ours. The choice of a financially stable, well-organized contractor is of great importance. The amount of money involved and the potential for abuse or irresponsible business practices can create very serious problems for you as the homeowner. For most of us, a house is the most expensive asset we will ever own. We want to make sure that your dollars are wisely spent and minimize the chances of any problems occurring.
- We are excited to partner with you on the construction of your new home. We look forward to hearing from you soon!

## ITEMS TO GET STARTED:

- Past two years' tax returns and/or W-2's
- Past 30 days' pay stubs
- Copy of plans and specifications
- Estimated construction costs
- Copy of contract with your builder, if already executed
- Copy of legal description of property, with physical address

*Start the ball rolling! Apply online today.*

**[homeloans@deltabk.com](mailto:homeloans@deltabk.com)**.

Delta Bank has convenient locations throughout the area. **Click here** for our banking hours or call us toll free at **1-888-757-8601** for more information.

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PO Box 391  
Ferriday, LA 71334  
Phone 318-757-8601  
Fax 318-757-2021  
24 Hour ATM

### **VIDALIA**

1617 Carter Street  
PO Box 930  
Vidalia, LA 71373  
Phone 318-336-7173  
Fax 318-336-9645  
24 Hour ATM

### **LAKE PROVIDENCE**

406 Lake Street  
PO Box 511  
Lake Providence, LA 71254  
Phone 318-559-2494  
Fax 318-559-2510  
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### **TALLULAH**

401 S. Cedar Street  
PO Box 311  
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### **NATCHEZ**

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