



Investor Friendly
Title Agency

WHEN YOU HIRE INVESTOR FRIENDLY, **IT'S DONE.**

NEW CONSTRUCTION CHECKLIST



CONSTRUCTION CHECKLIST

INITIAL CLOSING WITH LENDER FOR CONSTRUCTION LOAN – BUILDER STEPS

1) Place order with Investor Friendly Title Agency for title commitment approximately two or three weeks prior to expected closing date

- Include copy of building agreement or purchase agreement with your order
- Title commitment will be delivered to lender in approximately five working days

2) Submit sworn statement and waivers three or four days prior to closing.

- Set closing
- Coordinate closing between lender, borrower and Investor Friendly Title Agency
- Please set closing one week in advance to allow lender and Investor Friendly Title Agency to prepare closing documents

3) Call lender for inspection

- Check with lender at the start to find out how much advance notice they will need to do an inspection

4) Notice of Commencement in recordable form must be signed by the owner or general contractor and notarized at commencement of construction.

5) At close the Owner/Designee Affidavit must be signed by designee and notarized

6) Borrower will execute an Indemnity Agreement for the title company.

SECOND AND SUBSEQUENT DRAWS

1) Call lender for inspection.

2) Submit sworn statement, waivers, and owner/designee affidavit to Investor Friendly Title Agency

3) Investor Friendly Title Agency must authenticate waivers that are not submitted directly from supplier, subcontractor, or laborer.

4) Pick up check at lender's office or Investor Friendly Title Agency (check with lender as to their policy).

NOTE: If you have submitted conditional waivers with your sworn statement, Investor Friendly Title Agency may disburse checks directly to the subcontractors and/or suppliers.

NOTE: Remember, some lenders and/or borrowers require a 2 party check, made payable to the Builder and Borrower.



CONSTRUCTION CHECKLIST

FINAL CLOSING OR DRAWS

- 1) Call lender for final inspection.
- 2) Submit final sworn statement and waivers to Investor Friendly Title Agency
- 3) Investor Friendly Title Agency must authenticate waivers that are not submitted directly from supplier, subcontractor, or laborer
- 4) Submit copy of certificate of occupancy to lender.
- 5) Set final closing or pick up check. Depending on type of construction loan borrowers have, a final closing may be needed. Check with lender to see if a final closing is needed.

NOTE: It is Investor Friendly Title Agency's policy on the final draw to disburse funds directly to all subcontractors/suppliers that are owed money and have submitted conditional waivers.

A construction loan, unlike a conventional mortgage, is not fully funded at the time of closing. Instead, the lender funds the loan as work progresses on the property, such that the lender's collateral roughly equals the amount disbursed. This helps insure that only work that is completed is being paid for. Our job at Investor Friendly Title Agency is to review the construction documents and insure the lender for a certain amount of money based on these documents. The money can

then be disbursed to the general contractor or the subcontractors/suppliers whichever applies. This process is called a "draw" and the first step of the draw is to fill out a sworn statement (Exhibit A). This form lists every subcontractor who has, or who will in the future, perform labor or supply materials to the property. In order for the draw to be speedily processed, the sworn statement must be filled out completely and accurately (see Instructions for Completion of Sworn Statement).

The next step is to have all subcontractors/suppliers who have been paid, or who are currently owed money to sign a waiver. The purpose of the waiver is to release the subcontractor's statutory right to place a lien against the property. There are four different choices on our waiver form, and it is imperative that the proper one be used (see Instructions for Completion of Waiver). It is also important that the waivers are filled out completely including amounts, dates, address, phone number and signatures.

The original sworn statement and waivers should be turned in to Investor Friendly Title Agency. After they have been reviewed and found to be satisfactory, an endorsement letter will be sent to the lender insuring a certain amount of money. The money may be disbursed by the lender or by Investor Friendly Title Agency.

NOTE: If the waivers are delivered by the contractor (not the subcontractor/supplier who executed the waiver), then Investor Friendly Title Agency will be required to authenticate each waiver.

NOTE: A faxed sworn statement and waivers are acceptable to get the ball rolling, however, originals must be received before money is disbursed.