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Congratulations on your decision to build a new home using a custom builder! Bank of Akron looks forward to making your experience easy and stress free! Our team members will be by your side during the whole process and will be available to answer all of your questions.

The usual term for construction with a builder is 6 months, however due to the size and other requirements for your new home, we will consider longer terms.

This type of construction only requires one closing. This occurs at the start of the construction phase and then we convert the loan into your permanent mortgage when your home is completed according to plan specifications and a Certificate of Occupancy is received.

To cover concerns that you are well protected against hazards during your construction, we require that you obtain hazard insurance with builder's risk coverage in the amount of your mortgage. A builder's risk policy protects you for property damages, material damages and loss, theft, fire, etc. If your property is in a designated flood zone, flood insurance is mandatory.

You will need to provide the bank with a copy of your building contract signed by both you and your builder along with plans and building specifications along with a copy of your building permit when received from your local township. The project must be completed according to the plans and specifications provided to Bank of Akron. Appraised value is based on these plans and specifications.

We may finance up to 80% of the appraised value of your finished home including your building lot.

You will make monthly payments of interest only as the draws are advanced during the construction phase. This rate is at our current market rate for Contractor built homes which our construction mortgage specialist will explain to you. However, at time of application we also determine the interest rate on your final mortgage by pricing ahead for the mortgage term you choose. Examples of your choices are: 30 year fixed, 15 year fixed, 30 and 15 year adjustable rates, and our special option of a 20 year fixed rate with bi-weekly payments, among others.

Our standard construction loan draw schedule is four (4) draws. We have a standard schedule which outlines the stages of completion required for each draw. We will provide you with a copy of the draw schedule at the time of your application.

Before your first draw we will require you to obtain a location survey which shows the location of your foundation on the property.

When each of the 4 draws is requested, you and your contractor will need to sign a "Lien Waiver Letter" provided by the bank. The bank then orders an inspection from the appraiser and the title search is updated to verify that there are no intervening liens (i.e. mechanic liens) and the draw is released upon completion of these steps. We will then issue a check for the amount of the draw request payable to you and the contractor. The checks for draws can be issued directly to your contractor with your authorization.

Don't worry if it takes you a little longer than the construction period term as we allow extensions for completion of your project. The maximum extension is 4 months at a fee of ¼% of your loan amount for each month extended. There are also fees associated with document preparation and recording. We keep these fees as minimal as possible for you.

With each extension, the required paperwork will be signed prior to the expiration of the commitment with an invoice itemizing the fees. If the required extension documents are not signed prior to expiration of commitment, this past due status on your account may be reflected in your credit report affecting your credit rating.

Upon receiving all of the following information, we advance the fourth and final draw to you. The town issues you a Certificate of Occupancy showing your construction is completed. We will need a final lien waiver letter from you. We then order a final inspection along with a final title search, which protects you from any subcontractor liens.

When your construction mortgage is converted we will give you the projected rate or the current rate, whichever is lower for the term and the product you choose. None of our mortgage products have an early prepayment penalty. You can make extra principal payments at any time.

The Bank of Akron team would like to thank you for sharing your new home construction with us and we will gladly assist you with any need you may have while living in your new home. Please call us. We are small enough to know you and large enough to serve you best.