



CONSTRUCTION LOAN INFORMATION
YOUR GUIDE TO BUILDING
YOUR DREAM HOME



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MFM CONSTRUCTION LOAN GUIDE

Thank you for considering Member First Mortgage, LLC (MFM) to finance your home. Building your dream home is an exciting journey and we are here to help. We're sure you have a lot of questions about what happens during our construction loan process and we have the answers that you're looking for. This guide is designed to explain our construction loan process and provide you with information before securing your builder and construction financing. Our goal is to provide you with important resources, offer answers to your questions, and help make the construction process as easy as possible.

Our construction loan is an interim loan designed to allow you to build your home on a draw basis. A mortgage loan amount limit will be determined, with a draw schedule of generally up to 5 draws over a 12-month period. Member First Mortgage will lend up to 80% of the acquisition cost (cost of the land plus cost to build the home) or the appraised value - whichever is less. The difference between the acquisition cost and the loan amount is the equity that you will have in the home. This equity amount will need to be paid to the builder or paid towards the purchase of the land, prior to the disbursement of the first draw. The construction loan must be closed prior to the beginning of construction, where applicable. Once the first draw is disbursed, a monthly interest payment will be required to be paid by you on the current outstanding balance until the home is completed. After the home is completed, your construction loan will be modified into a permanent mortgage which will replace the construction loan.

I. THE FIRST STEP TO BUILDING YOUR HOME IS TO GET PRE-QUALIFIED

Member First Mortgage offers construction financing for single family homes that you intend to occupy as your primary or secondary residence. Our Mortgage Consultants will help you determine the maximum amount of financing you qualify for, or the monthly payment amount that you will be comfortable with once the home is completed.

In order for Member First Mortgage to make a lending decision, your application will be taken over the phone, in-person or online, and a Mortgage Consultant will request appropriate supporting financial documentation. Once those items are received, your loan request will be analyzed, and a pre-qualification letter will be provided if the loan meets criteria for pre-qualification. The pre-qualification letter is very important to you and your builder to determine the size of your new home and the amenities you can afford to include in your contract negotiation. Our Mortgage Consultants will provide you with the details of our construction loan program.

II. SELECTING A BUILDER

The selection of a builder is one of the most important decisions that you will need to make. The building process takes an average of twelve months, and communication between you and your builder throughout the process is vital. You need to feel comfortable communicating with your builder and trust that your builder is honest and dependable. We strongly recommend that you obtain references and contact them (Member First Mortgage cannot recommend a contractor or builder).

We will require the following from your builder during the process for project approval:

- Completed Member First Mortgage Questionnaire
- Builder's License (with the exception of Texas builders - provide licenses of all sub-contractors)
- Builders Liability Insurance and Workmen's Compensation Insurance (if applicable)
- Signed contract between builder and member
- Member Equity Acknowledgement (provided to member)

- Plans/Specifications/Blueprints
- Legal description of subject property and/or Tax ID Number (can be found on a survey or tax bill) (if applicable)
- Copy of existing property survey (if applicable)
- Proposed draw schedule
- Sworn statements for all projects
- A survey site map of the property indicating the proposed building site (a foundation survey will be required once footings/foundation is in place)
- A Notice of Commencement provided to the title company for recording, at closing a copy of which must be posted at the site along with blank Notice of Furnishing Forms
- All building permits, when available
- A Sworn Statement provided by the builder to Member First Mortgage via the Mortgage Consultant. If there is work in process, all appropriate lien waivers must be obtained, forwarded to, and approved by the title co.

III. CLOSE ON YOUR LOAN AND OBTAIN YOUR FIRST DRAW/FUNDING

The construction loan closing will take place at the title company. You will be responsible for paying all closing costs and fees due at the initial closing, as well as any tax or insurance assessments due. If there is an outstanding loan on the land, it must also be paid off at the closing. There may be additional costs for services required throughout the construction process that are not collected or paid for at closing, these expenses will be the responsibility of you and/or the contractor.

Disbursement of each draw will be made once the following procedures have been met:

1. Your contractor will submit a funds request for work completed and materials purchased on a Sworn Statement (sent to both you and the Member First Mortgage Construction Loan Specialist).
2. The Construction Loan Specialist will forward a copy of the Sworn Statement to the title company for their review and approval.
3. Your contractor will be required to provide the necessary lien waivers to the Construction Loan Specialist. They will be forwarded to the title company who will then check the amounts against the initial sworn statements to insure the amount requested is as stated. A lien waiver is a legal means by which a laborer or subcontractor, who has performed work or provided a service or material on your project, is given a lien on the property. This lien is an encumbrance to title and must be satisfied by the contractor signing an Unconditional Lien Waiver stating that they have been paid for the work performed.
4. The title company will insure that the waivers are acceptable, and forward an authorization to Member First Mortgage indicating their approval to disburse the funds.
5. Member First Mortgage will order a draw inspection from the appraiser to inspect the home, determine the percentage of completion, and confirm that the work for which the builder has requested funds is complete.
6. All construction draw funds are borrower approved prior to being disbursed. When a builder submits a draw request, MFM will contact (email) the borrower to obtain authorization. The borrower must approve or deny in writing via email for MFM records. For each draw request, MFM will send an email with the attached sworn statement for the current draw request for the borrower to review and approve.
7. If everything is satisfactory, the funds will be disbursed.

SAMPLE DRAW SCHEDULE

The Draw Schedule will begin after loan closing and when your down payment or equity is in place. Your equity is the amount of money you will have paid toward the purchase of the land, and/or the money you are paying the builder if you own the land free and clear. Any money that you intend to use as a down payment or earnest money deposit to the builder must be used prior to the first draw. The Draw Schedule will closely resemble the following outline:

Construction Closing/Prior to First Draw: Any amount due to pay off the land and possibly closing costs.

I. FIRST DRAW

Footings and Foundation are completed, and the soil is back-filled. At this time, we will order a "Mortgage Survey" to show where the house is located on the property.

II. SECOND DRAW

The home is completely framed and closed-in with the roof, exteriors doors and windows installed.

III. THIRD DRAW

All rough-ins for mechanical, plumbing, and electrical items are completed, insulation is installed, and the drywall or plaster is completed.

IV. FOURTH DRAW

Exterior and Interior items such as, cabinetry, heating and other mechanical items are installed. The well and septic system or connection to public utilities are complete. Installation of floor covering, painting, finished plumbing and electrical and trim.

V. FIFTH DRAW

The Final Draw will finish any remaining interior items and exterior items, porches, decks, and landscaping are completed to give you the finished product.

COST OVERRUNS WITH CONSTRUCTION PROJECTS

Generally, changes to the original plans or changes in materials cause the cost overruns. The cost of such changes must be carefully reviewed before the expenditure is made. Any additional costs - which are outside the building contract - may not be incurred without the prior written approval of the lender. A written request for the change must be submitted to the lender and contain the signatures of you and the builder. It is important to remember that you will have been approved up to a certain loan amount; if additional funds are needed you may have to pay out-of-pocket or request a higher loan amount (which will require a re-approval). Any of your funds being applied towards the construction will be held in an escrow account. Those funds will be used first before any disbursement of the construction loan funds. To ensure your contribution funds and construction draw funds matches the title endorsement and builders sworn statements (if applicable).

You will be responsible for immediate payment of any costs outside the building contract, it is not the policy of Member First Mortgage to advance any construction loan funds. After the change has been approved and the item is installed (or work completed) you must provide satisfactory evidence that any money owed has been paid, along with the source of funds used. If such proof is not provided in a timely manner, the processing of any further draws for work or materials will be delayed until the required documentation is received.

LOAN PAYMENTS DURING CONSTRUCTION PHASE

You will receive a monthly billing statement from Member First Mortgage. Your loan payment will be based on the outstanding balance drawn on your construction loan. The payment will be an interest-only payment due on the 1st of the month.

MODIFYING YOUR CONSTRUCTION LOAN TO PERMANENT FINANCING

Our one-time-close allows you to streamline the construction financing process because it requires just one approval process, one closing, and one set of closing costs. After home construction and a certificate of occupancy are completed, the construction loan will be modified to permanent financing.

CONTACTS AFTER CONSTRUCTION LOAN IS CLOSED

After your construction loan has closed, you and your builder will receive a Member First Mortgage Welcome letter appointing a Construction Loan Specialist who will assist you and your builder through the draw process as construction moves forward.

Construction Servicing Contact Information:

construction@memberfirstmortgage.com

866.636.1052

Payments should be remitted to:

Member First Mortgage, LLC

Attn: Construction Specialist

616 44th Street SE

Grand Rapids, MI 49548

FINANCIAL DOCUMENTATION LIST

To prepare your approval for the construction loan, please provide your financial documentation to your Loan Originator. If you have any questions on the documentation needed, please reference this Construction Loan Information Packet or reach out to your Loan Originator for assistance.

GENERAL DOCUMENTS

Review and sign electronic disclosure packages: you will receive one package for the "construction loan" and one package for "the modification"

Signed Equity Acknowledgement (in package)

Signed Contract between you and Builder

Builder's Risk Insurance (if not inclusive in Builder's Risk policy)

Homeowner's Insurance quote for qualifying purposes

Flood Insurance quote for qualifying purposes (if applicable)

The following mortgagee clause will need to be added by your Insurance provider:

Member First Mortgage, LLC ISAOA/ATIMA
PO Box 3216
Carmel, IN 46082

Copy of driver's license for each borrower

Current mortgage statement for all property(ies) owned. If you do not escrow for property taxes and homeowner's insurance in your current mortgage OR if you own additional property with NO outstanding mortgage, please provide:

Proof of annual property taxes, for each property owned

Homeowner's Insurance-declarations page(s) for each property owned

When the disclosure packages have been reviewed and signed and supporting documentation has been submitted, Member First Mortgage will collect \$550 for the appraisal (amount may vary)

Credit Inquiry letter, is applicable

INCOME DOCUMENTS

Most recent paystub

W-2's or 1099's for previous 2 years

Social Security Award Letter

Pension/Retirement Letter or current pay statement

Disability Award Letter

SELF-EMPLOYED BORROWERS

Previous 2 years personal and for each business Federal tax returns (all pages and schedules)

A current Profit and Loss statement (most recent quarter)

3 months of business bank statements (most recent-all pages)

ASSETS

Credit Union/Bank Statement(s)for the most recent 2 months (all pages)

401k/Retirement Statement(s) for the most recent 2 months or quarter (all pages)

Copy of all checks paid to builder

IF APPLICABLE

Divorce decree-all pages

Trust documents-all pages

Purchase agreement for the sale of current home

Closing Disclosure/HUD statement for the sale of current home

Completed gift letter-signed and dated by all borrowers and gift doners

Other documents requested by Loan Officer

Equity Acknowledgement



EQUITY ACKNOWLEDGEMENT

PROPERTY ADDRESS:

LOAN NUMBER:

BORROWER'S EQUITY ACKNOWLEDGEMENT

The Borrower(s) Investment: Prior to any advance of the Member First Mortgage Construction Loan, the amount equal to the equity position of the loan agreement must be paid directly to the builder. The borrower's "equity" is the amount of money paid toward the purchase of the land, and/or the money you are paying the builder if you own the land free and clear. Any funds intended to be used as a down payment or earnest money deposit already paid to the builder, is the borrower's equity position of the loan agreement.

When permitted by law and feasible, any funds due and not already paid to the builder prior to closing will be held in an escrow account specifically created for this purpose. Borrower(s) will provide these funds at closing via wire or cashier's check as applicable.

By signing in the space below, all parties understand that the borrower's equity position must be satisfied prior to the 1st advance of the construction loan.

Borrower Signature: _____

Date: _____

Co-Borrower Signature: _____

Date: _____

Builder Signature: _____

Date: _____

CONSTRUCTION LOAN FEES

If the borrower has sufficient equity in the project, closing costs can be rolled into the loan amount. Otherwise, they **MUST** bring in funds to the closing. The borrower is required to pay all equity prior to the first draw on the loan.

In addition to traditional closing costs, the following fees will also be required for Construction financing*:

- MFM Construction Loan Fee: 0.625%, capped at \$3,500
- \$350.00 Title Draw Fee (may vary by title company)
- \$825.00 Appraisal Re-Inspection fees
- \$350.00 Title Draws and Overnight fee (may vary by title company)
- \$350.00 Modification Fee
- \$400.00 Survey (may vary by state)
- \$15.00 Wire Fee (if Builder requests wired funds rather than a check)
- Origination Fee depending on contract level
- Additional fees if applicable (i.e; \$350.00 Construction Extension fee¹)

**Construction loan fees are subject to change at anytime.*

¹ Construction Extension fee may be required if the borrower needs to extend the construction maturity date. Borrower must provide a letter of explanation for the reason of extension request, which requires approval from their investor.

CONSTRUCTION LOAN TERMS

- **ADJUSTABLE RATE MORTGAGE (ARM):** A mortgage loan or deed of trust which allows the lender to adjust the interest rate in accordance with a specified index periodically and as agreed to at the inception of the loan. Also called "variable rate mortgages."
- **APPRAISAL:** An opinion or estimate of marketable value. Also refers to the process by which a value estimate is obtained.
- **BRIDGE LOAN:** A loan which enables a homebuyer to get financing to make a down payment and pay closing costs on a new home before selling the present house. Also called "gap financing."
- **BUILDER'S RISK INSURANCE:** Fire and extended coverage insurance for a building under construction. Coverage increased automatically as the building progresses and terminates at completion.
- **CERTIFICATE OF OCCUPANCY:** Written authorization given by a local municipality that allows a newly completed or substantially renovated structure to be inhabited.
- **CONSTRUCTION CONTRACT:** An agreement between a general contractor and an owner/developer stating the specific duties the general contractor will perform according to blueprints and specifications at a stipulated price and terms of payment.
- **CONSTRUCTION LOAN DRAW:** A partial disbursement of the construction loan based on the schedule of payments in the loan agreement.
- **FIXED RATE MORTGAGE (FRM):** A mortgage in which the interest rate, principal, and interest payments remain the same for the life of the loan.
- **DEED:** The document by which title to real property is transferred or conveyed from one party to another.
- **INSPECTIONS:** An examination of property for various reasons (such as a termite inspection) to see if required repairs were made before funds are released, etc.
- **LIEN:** A legal hold or claim of a creditor on the property of another as security for a debt. Liens may be against real or personal property.
- **LIEN WAIVER:** The written evidence from a contractor or supplier surrendering the right of lien to enforce collection of debt against a property.
- **PLANS AND SPECIFICATIONS:** Architectural and engineering drawings and specifications for construction of a building or project. These should include a description of materials to be used and the manner in which they are to be applied.
- **SURVEY:** A measurement of land prepared by a registered land surveyor showing the location of the land with reference to known points, its dimensions, and the location/dimensions of any improvements.

- **TITLE:** Written evidence of the right to, or ownership of property. In the case of real estate, the documentary evidence of ownership is the Title Deed that specifies whom the legal estate is vested in and the history of ownership and transfers. Title may be acquired through purchase, inheritance, gift, or through foreclosure of a mortgage.
- **TITLE INSURANCE:** Insurance which protects the insured against any loss caused by defect of title to real estate, therein the insured has interest as purchaser, lender or otherwise.

I. NOTICE OF COMMENCEMENT

A Notice of Commencement is a statutory notice which is prepared, posted and recorded (as directed by statute) for purpose of giving a "contractor" on a construction project and/or potential lien claimant the names and addresses of the parties to whom they should direct their Notice of Furnishing and, if necessary, Claim of Lien. Additionally, the Notice of Commencement serves to notify prospective purchasers, lessees and lender that the property is or has recently under gone some form of construction improvement, thereby allowing third parties to consider the issues surrounding recent new construction when negotiating their potential future transactions.

The Notice of Commencement contains a legal description of the property involved in the construction project, the name and address of the Owner or party responsible for the construction project (i.e. tenant, land contract purchaser), the name and address of the fee Owner of the property, if someone other than the Owner is contracting for the improvement, the name and address of the Owners Designee, if any, and the name and address of the General Contractor, if any. The Owner, party responsible for the construction project or their "Designee", whose name and address must be included in the body, prepares the Notice. If the improvement is not a residential structure (i.e. not to be occupied by the Owner), the Notice must be given to the General Contractor, must be recorded with the Register of Deeds of the county where the property is located must be posted on the property where the improvements are to be made. If the improvement is a residential structure that will be Owner occupied, then the recording and posting is not required. However, in either case, if the Owner receives a written request for the Notice of Commencement, they must furnish a copy of the Notice to the requesting party within ten days. Likewise, a contractor who has received a Notice of Commencement from the Owner must provide a copy of the Notice along with a blank Notice of Furnishing to all subcontractors who request the same in writing within ten days of receiving the request.

II. NOTICE OF FURNISHING

A Notice of Furnishing is a document intended to inform the Owner or the Owner's Designee, as well as the General Contractor as to the subcontractors, suppliers, material men and laborers who have provided or will be providing improvements to the project. From a practical standpoint, it is a notice advising responsible parties as to who will be looking for payment for services, labor and/or material furnished on the project.

The Notice is to be prepared and provided by the subcontractors, suppliers, material men and laborers providing improvements to the property. It must include the name and the address of the Contractor for whom the work was done, a description of the type of work performed or the type of material provided.

The Notice is then sent to the Owner or their Designee, if one has been appointed by the Owner and named in the Notice of Commencement, and the General Contractor of the project, if any. If the Owner has failed to prepare and post a Notice of Commencement, or if they have not appointed a Designee, then just the Owner and Contractor need to receive the Notice of Furnishing. It is the job of the Owner, or their Designee, and the General Contractor to check the Notices of Furnishing they receive for their accuracy and to make sure that the work and material stated to have been supplied have indeed been furnished.

Note: A General Contractor, or other contractor who contracts directly with the Owner, is not required to supply a Notice of Furnishing to preserve their lien rights.

III. CLAIM OF LIEN

In many states, builders, contractors, subcontractors, laborers, material suppliers, etc. are provided certain "rights" under the provision of the Construction Lien Act. These rights are provided to specific parties as a way to ensure their receipt of payment for work they have performed or materials they have supplied in connection with a construction project, and to provide them with procedures to recover payments they have not received. The primary vehicle utilized in the protection of the rights of the parties specified under the Act is Claim of Lien. The Claim of Lien, when properly completed and filed under the requirements of the Act, creates a lien that attaches to the improvements made to the property and allows the lien claimant to attempt recovery of the money owed to them through the process of foreclosure on the lien. The lien, when related, generally has "priority" over all subsequent liens, mortgages and interests recorded prior to the claimant's lien. This is why it is so important for all parties, contractors, suppliers, owners and lenders, to be as informed as possible as to who is involved in the construction project on the property, when work began, how much money has been paid to whom, have waivers been received for the work performed and paid for, etc. According to statute, the filing of a Claim of Lien must be done within 90 days after the filing party last performed work or supplied materials to the job. The Claim of Lien and a proof of service of a Notice of Furnishing (if one was required to be served) are to be recorded at the register of deeds in the county in which the property is located. Within 15 days of the recording of the lien, a copy of the lien and proof of service must be served on the Owner's Designee or, if none was appointed, the Owner. An action to foreclose a lien must be commenced in circuit court within one year of the recording of the lien. Again, the Construction Lien Act is very specific as to who can create a Claim of Lien, how it can be created and how it can be perfected. The Act recites the information required to be in the lien, how it is to be executed, notarized and most importantly the time periods within which the lien must be filed and foreclosed. The failure to follow the Act's requirements to the letter can result in a court determining the lien as being invalid.

IV. SWORN STATEMENT

The Sworn Statement is a document that is generally provided and signed by an Owner or General Contractor. The Construction Lien Act recites the information to be included within a Sworn Statement. Many Sworn Statements are not in "statutory" form, but most will at least set forth the place to list all of the names of the contractors, subcontractors, laborers or suppliers with whom the party executing the Sworn Statement has directly contracted for the providing of services, labor or materials; the type of improvement, service or materials to be provided by each provider; the total contract price of each provider; any amount already paid to a provider; the amount currently owed to each provider; and the balance to complete the work contracted for by each provider.

The Construction Lien Act states that Sworn Statements must be provided by "contractors" when they request payments, when payment is due, or at any time a demand for a sworn statement is made by or on behalf of an Owner.

The Sworn Statement is a necessary and useful tool in the monitoring the construction process. It allows owners, lenders and general contractors alike to keep abreast of the work being performed on a project, who is performing the work, the payments being made to each provider, total costs of a project paid to date, balance to complete the project, etc. When this information is computed and compared with the construction contract and the construction loan, it can be quickly determined by the parties as to whether the construction will be completed within the specified contract price and/or whether the loan is "out of balance" and additional proceeds will be required to complete the project.

The Sworn Statement also serves as a checklist to keep track of providers who are to be paid, how much they have been paid and what remains to be paid, as well as track any cost changes for materials, services or upgrades. When compared with Notices of Furnishing, an Owner or a Lender can determine if there are certain providers listed for payment from whom the Owner, or the Designee, has not received a Notice of Furnishing, or from whom they have received a Notice of Furnishing but the provider is not listed on the Sworn Statement.

When used in conjunction with full and partial waivers, the Sworn Statement can also assist in determining the accuracy of the waivers, corroborate the actual amounts paid to and/or amount owing a provider or assist in determining if a provider has not been paid or is being overpaid. Any discrepancies between the Sworn Statement and Notice of Furnishing, or Sworn Statements and Waivers of Lien should be addressed and resolved as quickly as possible. These are again the types of problems that can delay the disbursement of construction loan proceeds and cause an Owner or a Contractor additional concern with getting payments to their providers and avoiding the unnecessary filing of Claims of Lien against the property.

CONSTRUCTION LOAN FAQ'S

Our goal is to make your new home construction process as easy and enjoyable as possible, while giving you the most competitive financing available. The following are a few frequently asked questions about construction financing to help you throughout the mortgage process. We look forward to working with you on building your dream home!

- **WHEN DO I START THE FINANCING PROCESS?**
It's a good idea to meet with a Mortgage Consultant before you start the construction process. A pre-approval with Member First Mortgage will help you understand your buying power and accurately work out the details of your new home construction with your builder.
- **DOES IT MATTER WHICH BUILDER I USE?**
We will require that you use a licensed, bonded builder. The local Home Builders Association is a good resource for a list of licensed, experienced builders. We strongly recommend that you obtain and contact builder references, however MFM cannot recommend any specific contractors or builders.
- **HOW MUCH DOWN PAYMENT WILL I NEED?**
Member First Mortgage requires a 20% down payment for construction financing.
- **DO I NEED TO OWN THE LAND?**
It is required that you have the Title to the land on which you plan to build.
- **CAN I FINANCE THE COST OF THE LAND WITH MY MORTGAGE?**
If you have a loan on your land, we will pay off that lien as part of your construction loan.
- **DO I HAVE TO SELL MY CURRENT HOUSE BEFORE STARTING CONSTRUCTION?**
This greatly depends on your qualifications for construction financing. Your Mortgage Consultant will closely examine your financial situation and help you determine your options and whether selling your current home is necessary.
- **HOW LONG DOES IT TAKE TO BUILD?**
This can vary greatly, but the average time to build is about 12 months.
- **WHAT IS THE ADVANTAGE OF A MEMBER FIRST MORTGAGE CONSTRUCTION LOAN?**
Our construction program offers you maximum flexibility without incurring additional fees and charges. Because our Construction program is a "one-time-close, construction-to-permanent" loan, with a modification at the end of the process when the home is complete, you are only required to go through one approval process, one closing, and pay one set of closing costs. Our Construction program also can accommodate changes to your building project and provide you with great permanent financing options.
- **HOW MUCH DOES CONSTRUCTION FINANCING COST?**
Each home construction is unique, which can affect the cost of your financing. Your Mortgage Consultant will give you an up-front estimate of costs depending on your unique situation.

- **HOW ARE MY PAYMENTS CALCULATED DURING THE CONSTRUCTION PROCESS?**
You will make interest-only payments based on the balance that has been drawn by your builder. We will invoice you each month so you will know exactly what is due.
- **WHEN DO I LOCK MY RATE?**
There are several options available to lock-in an interest rate, contact your Mortgage Consultant for assistance.
- **WHAT IF I CHANGE MY HOUSE PLANS OR DETAILS OF CONSTRUCTION?**
You may be able to finance some of your changes. It is very important to communicate any changes or modification with your Mortgage Consultant as soon as possible. It is important to remember that you will have been approved up to a certain loan amount. If additional funds are needed, you will have to request a higher loan amount and you will have to be re-approved.
- **ANY ADDITIONAL QUESTIONS?**
Please contact the MFM Construction Servicing Specialist at: construction@memberfirstmortgage.com, or call 866.636.1052

Builder ACH Authorization Form



BUILDER ACH AUTHORIZATION FORM

This Form authorizes Member First Mortgage, LLC to wire construction draw funds directly to the builder. The borrower will receive a notification when the builder requests funds, and if there are any discrepancies, the borrower must contact the servicer to cease funds being sent to the builder until the issue has been resolved. If any claim liens are placed on the subject property, funds will not be wired to the builder until the lien has been resolved.

All construction draw funds are borrower approved prior to being disbursed. When a builder submits a draw request, MFM will contact (email) the borrower to obtain authorization. The borrower must approve or deny in writing via email for MFM records. For each draw request, MFM will send an email with the attached sworn statement for the current draw request for the borrower to review and approve.

Borrower: _____

Co-Borrower: _____

Signature: _____

Signature: _____

Builder: _____

Signature: _____

**This authorization will remain in effect until Member First Mortgage receives the borrower's written notice of cancellation (with reasonable time for the cancellation to take effect), or upon Member First Mortgage's notice of termination.*

Member Payment Options Letter



MEMBER PAYMENT OPTIONS LETTER (SAMPLE)



616 44th Street SE, Suite 100
Grand Rapids, MI 49548

PROPERTY ADDRESS
123 SAMPLE LANE
CITY, ST 55555

DATE

Dear Member,

We are pleased to inform you, we have added more options to make your monthly construction loan payments more convenient. Effective December 1, 2021 you now have two additional options available to make your payments:

- **One-time or Recurring Payments:** Log in to your member portal at www.memberfirstmortgage.com. Create an account, and login to make a one-time payment or setup recurring monthly payments.
- **Auto Pay:** Enclosed is an automatic monthly payment application form for you to complete and return to Member First Mortgage.

Payments we will continue to accept:

- **Mail:** Simply send your payment to the address listed on your statements.
- **Phone:** You can make a payment over the phone by calling 866.636.1052. Effective January 1, 2021 there will be a \$5.00 processing fee for all phone payments.

We are always looking for better ways to service our members. By making these changes our goal is to assist you in making your payments more convenient. If you have any questions, please feel free to reach out to your construction specialist who can further assist you at 1-866-636-1052 or construction@memberfirstmortgage.com.

Thank you,

Construction Department
Member First Mortgage, LLC

Construction Packet Acknowledgement



CONSTRUCTION LOAN INFORMATION PACKET ACKNOWLEDGEMENT

I have received and reviewed the Member First Mortgage Construction Loan Information Packet containing:

- Construction Loan Guide
- Construction Loan Origination Overview
- Construction Loan Agreement
- MFM Construction Guide
- Construction Loan Fee Schedule
- New Construction Terms
- New Construction FAQ's
- Explanations of:
 - Notice of Commencement
 - Notice of Furnishings
 - Designee Affidavit
 - Lien Waivers
- Construction Letter

Signed: _____ Date: _____

Please return this form to your assigned MFM Mortgage Consultant or Processor.



Member First Mortgage, LLC

616 44th Street SE | Grand Rapids, MI 49548

1.866.898.1818

This message and any content within it is intended exclusively for mortgage customers (borrowers) of Member First Mortgage, LLC or entities to which it is addressed. This message, together with any attachments and all other content, may contain confidential, privileged, and/or proprietary information. This is NOT an advertisement for distribution to the public and does not contain disclosures as may be required by Regulation Z, or other regulations which may require additional disclosure. Any unauthorized review, use, print, save, copy, disclosure, or distribution is strictly prohibited. Member First Mortgage, LLC is a Licensed Mortgage Lender/Servicer, NMLS #149532, Equal Housing Opportunity.

Corporate Office: 616 44th Street SE, Grand Rapids, MI 49548 | 866.898.1818 | www.memberfirstmortgage.com

