



WHAT YOU NEED TO KNOW ABOUT CONSTRUCTION LOAN DRAWS

What “draws” means?

At closing we will disburse funds from your loan to pay for the land and closing costs. The remaining loan funds will be “available to draw” from your loan. You will request those funds in the form of a “draw” as they are needed throughout the project, for construction **ONLY**. You only pay interest on the monies you have drawn.

When and how do I make my interest payment?

Interest is accrued on the money that has been drawn and is billed monthly. You will receive a statement in the mail prior to your payment due date with the amount of interest you owe. You may make that payment at the bank or make a payment with a debit/credit card by phone. The interest will not be paid automatically out of the loan as a draw.

How we monitor the draws?

You will request draws as money is needed and the work is done on the project. We will send an inspector out to your property once a month. The inspector reports back to us on the percentage of work completed at each visit. Your draws should be in line with these reports. For example, if you are 45% complete on the project, then you should be 45% drawn (excluding land purchase). We do have a 5% tolerance. This means, for example, you can be up to 50% drawn on your loan and still be OK, if you are 45% complete. If you are outside of the 5% tolerance, your draws will be turned off until we can show you are back in tolerance. This may mean sending the inspector out a couple of weeks later. No draws may be requested until draws are turned back on.

How do I request a draw?

You may request your draws by emailing draws@firstservicebank.com. In the email, please indicate the amount of money you are requesting and what the funds will be used for. As long as you have funds available, we will process the draw and deposit the funds into your construction checking account at First Service Bank. All draws must be approved by your loan officer prior to processing; the loan officer will review at the receipt of the draw request.

NOTE: The minimum draw request amount is \$200 and only one draw may be requested per day.

How do I pay invoices for construction?

We will open a checking account for you and your draws will be deposited into this account. You may write checks or use your debit card from this account **ONLY** for the construction project. Each debit card has a \$1000 daily limit for purchases. If you need a temporary increase on your debit card, call 501-679-7300.

When will draws be processed?

Draws will be processed within 24 hours of the request.

Who can request draws?

Draws may only be requested by the borrowers on the loan. Builders may not request draws without your prior consent.