



Construction Mortgages

Let's build your future together

eastcoastcu.ca

Toll Free: 1-866-230-7700

Email: eastcoast@creditcu.ca



@EastCoastCU



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What is a construction mortgage?

A construction mortgage, or construction loan, is a type of financing that provides funds for the construction or renovation of a property. It is designed to help homeowners cover the costs of building their new home or making significant improvements to their existing property while the home is under construction.

Build or renovate your dream home!

Whether you're a first-time homebuyer or an experienced homeowner, an East Coast Credit Union construction loan can be as unique as the project you're financing. Some projects that are good candidates for a construction loan include:

Home renovations

- Purchase an existing home that requires renovation
- Renovate your current home as part of a mortgage refinance and include your existing mortgage and construction costs

New home construction (turnkey, contractor build, or self build)

- Build your dream home on a lot you already own
- Pay installments to your builder as they build your new home

Getting started

Determine your construction needs and create a budget by having a clear understanding of the project scope and costs. Construction costs include, but are not limited to, materials, labour, and permits.

Choose a qualified builder (if applicable). Ask for references, check the Better Business Bureau, and confirm they are registered under a New Home Warranty program, etc.

Gather necessary documents

- Confirmation of income, assets, and other financial information
- Detailed construction plans and cost estimates/quotes
- Building permits (if available)
- Builder's qualifications and references (if applicable)

Get pre-approved: Submit your application by booking an appointment with a qualified East Coast CU mortgage specialist. Our qualified mortgage specialists will help guide you through the process, determine what you qualify for and help you set your budget.

How does it work?

If your build or renovation requires progress draws, work with your mortgage specialist and builder to develop a draw schedule that is reasonable and attainable.

Construction phase: The construction phase can begin once your construction loan is approved. Follow the draw schedule and request funds as needed for each completed stage of construction. During this phase, you will make interest only payments on the amounts drawn from the loan.



IMPORTANT NOTES

- Draws are based on a **cost to complete approach**
- The first progress draw will include payment of the land loan (if applicable)
- Builds are expected to be completed within **12 months**

Conversion to a regular mortgage: Once construction is complete, and you have obtained the necessary occupancy permits, your construction loan will be converted into a regular mortgage. At this point, you'll start making regular principal and interest payments.

With a construction loan you can expect:

- Fixed or adjustable interest rate options
- Flexible down payment options covering a combination of savings, land value, and builder deposit costs

What are the benefits of a construction loan over a regular mortgage?

- Only one application, based on all anticipated financing needs, is required
- Financing payments are advanced based on inspections and progress draws
- Your interest rate is locked in at the start of construction
- You will have peace of mind knowing financing is in place for your entire build or renovation

Ready to get started?

Talk to a mortgage specialist and start your construction journey today.

Construction loans at East Coast CU are structured to meet your specific needs and a specialist can help you understand your best options and answer your questions about how a construction loan could benefit you.