



Your Homebuilding Handbook

A message from Jim Fraser

CEO, Home Construction Lending

Congratulations on taking the first step toward the building of your new home. At Indymac Bank, we recognize that you have many choices for your construction loan services, and we appreciate your trust in selecting us for this truly significant project.

We have prepared this Homebuilding Handbook to give you an idea of what you can expect from the home construction process. We certainly understand that building a home is a complex, sometimes difficult endeavor. In addition to this handbook, our easy-to-access online services and our staff of Construction Specialists are also available to assist you. Our service, partnership and construction expertise can make the difference in your project. We look forward to serving as your financial partner and working with you to make your home construction dream a reality.

From time to time, you may receive customer satisfaction surveys from us to support our efforts to continually improve and distinguish our customer service. These surveys are important in measuring our effectiveness, and we appreciate the time you take to provide us with your invaluable feedback.

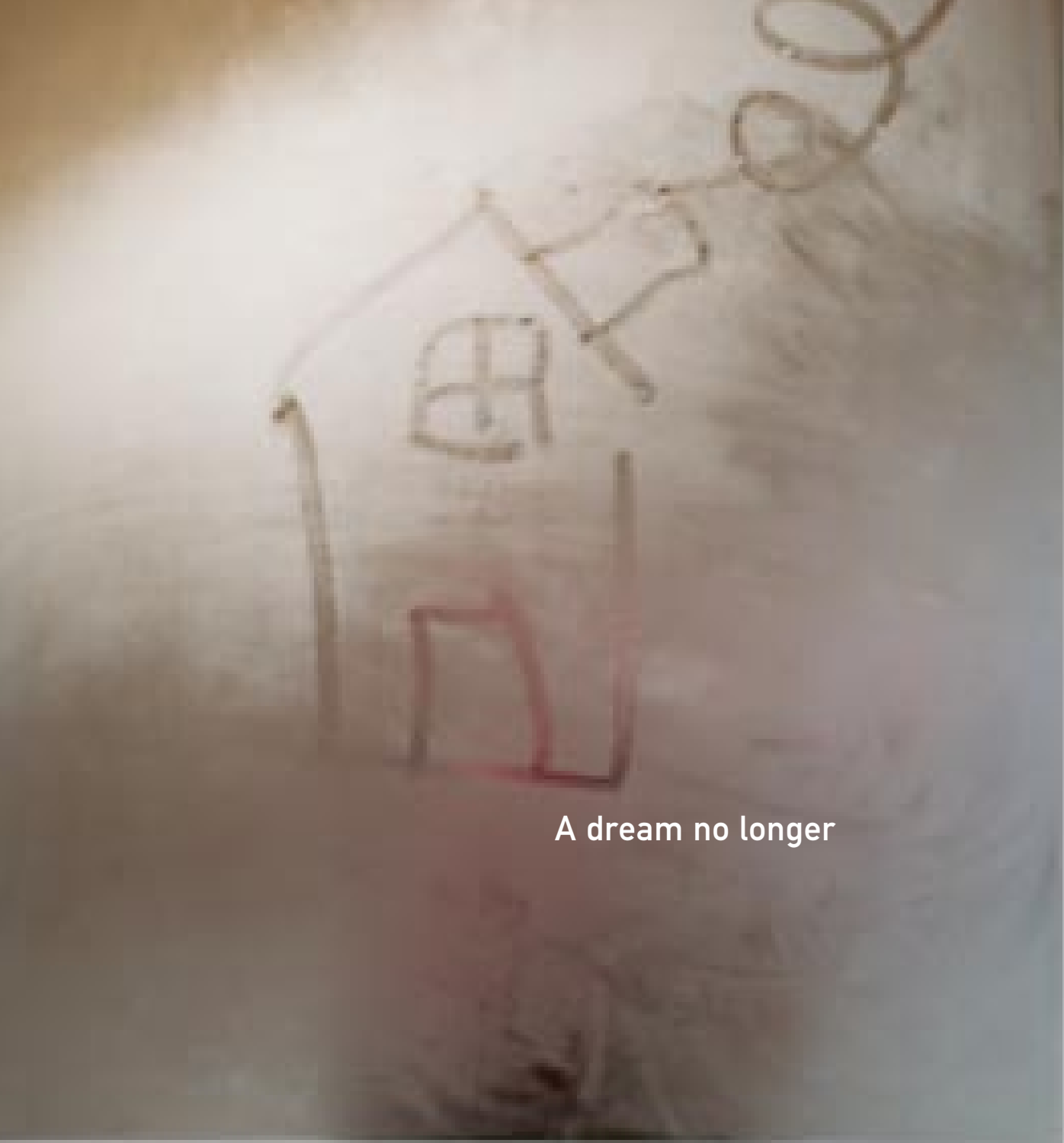
Above all, let us know if at any time you feel we are not meeting your needs. We take pride in the expertise and quality of service we bring to each of our projects and are here to make the process less stressful for you. If for any reason you are not 100% satisfied with our service, please let us know. You can e-mail me directly at jamesfraser@indymacbank.com.

Our team is dedicated to meeting your needs. We are equally committed to the success of your project.

Sincerely,



Jim Fraser



A dream no longer



Partners in making your dream a reality

Congratulations on the close of your home construction loan and the beginning of what may be one of your life's most exciting endeavors. We're proud to have been chosen as your lender—and your partner—in the realization of your homebuilding dream.

We've created this handbook to help you navigate your way through each stage of the development of your new home, from laying a foundation to transitioning to your permanent mortgage. In addition to referencing your handbook, we invite you to utilize our online services at www.indymacbank.com for the most up-to-date information on your loan and other related construction services.

Of course, you may always speak with one of our helpful Construction Specialists if you have questions or concerns regarding your loan or the construction process. We're here to help, and to make your homebuilding journey as rewarding and fulfilling an experience as possible.

About Indymac Bank and Home Construction Lending

Indymac Bancorp, Inc. is the holding company for Indymac Bank® and one of the nation's top ten mortgage originators.* Today's Indymac® had its start 20 years ago, beginning operations as a fledgling mortgage investment office with a mere staff of four. Now, more than 6,000 employees and \$24-plus billion in assets later, Indymac Bank continues to thrive while remaining primarily focused on home lending.

Indymac Bank Home Construction Lending is a leading nationwide provider of single-family, consumer and custom home construction financing. Our Home Construction Services feature a full online menu, superior customer service and a comprehensive construction loan that will take you from groundbreaking to home ownership in one seamless process.

* Based on assets.



About building a home

Building a home can be one of the most rewarding — and demanding — challenges you may ever undertake. While the results are largely a unique and personal expression of your style and individual taste, the path to a completed home is a carefully administered process. In this handbook, we have re-created all of the steps involved in building your home. In addition, we'll help transition you from the post-construction process to your pre-approved Indymac permanent mortgage at no additional cost.

You may build only one home in your lifetime; at Indymac, we build thousands every year. With our accumulated knowledge and expertise, you can embark on the building process with confidence. The trip may be tough at times, but one you will no doubt find worthwhile.

As your lender, Indymac takes great interest in the successful completion of your construction project. We are as concerned with the achievement of your dream as you are, and would like to be thought of as your *partner* in this lifetime achievement. While many lenders may be seen merely as a means to an end, at Indymac we undertake each new home as if it were our own.

Your Indymac Bank construction loan

You've made the right choice in selecting an Indymac Construction-To-Permanent Loan to finance the building of your new home. For starters, our one-time close feature eliminates the need for multiple loans, and since it is a reimbursement loan, your funds are disbursed **as your home is being built**. If, for example, your construction budget is \$100,000, and your project is 10% completed (as indicated by an independent third-party inspector), you will be eligible for a disbursement of \$10,000 for that portion of the project.

- This disbursement could be in addition to any advances or deposit requests that you may be entitled to receive.
- Disbursements for on-site or direct-cost expenses may require verification by an independent inspector.

By having a reimbursement loan, you can ensure that your project is progressing at a pace closely aligned to your outlaid funds.

KEY FEATURES OF YOUR CONSTRUCTION FINANCING—A REVIEW

Now that your loan has closed, you will soon be preparing for the start of your home's construction. Before you do, however, let's review the terms of your construction loan and some key processes to get your project off to a successful start!



Is your project a “Building System” home?

How to identify if your project is a “Building System”



Your construction line item cost breakdown

Your line item budget is the bread and butter of your homebuilding project



Additional account information

What you should know about your interest reserve and contingency accounts



Insurance 101

Why you have it and how it helps you

Is your project a “Building System” home?

Building System housing refers to a method of construction that utilizes modern machinery, component materials and computer and production technology to create homes in an off-site facility. These code-compliant, precision-built homes are then transported to an owner's building site where a professional builder completes assembly.

- Homes are constructed with modular, panelized, timber-frame or log components and may include SIPs (Structural Insulated Panels), steel or ICFs (Insulated Concrete Forms).
- Benefits include reduced construction time, (allowing for quicker completion and move-in), more cost control during the construction process and a high degree of energy efficiency.

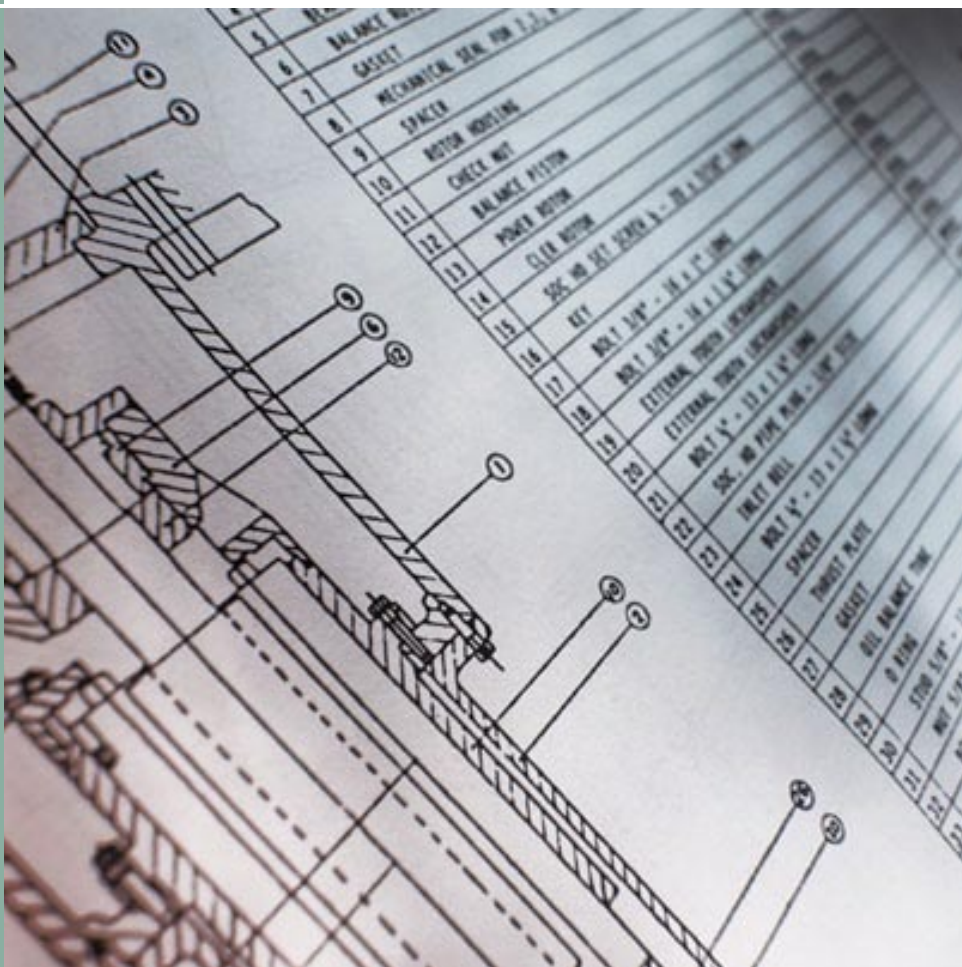
The deposit for your Building System must be disbursed directly to your vendor prior to beginning construction. Wiring instructions for the vendor, a W-9 verifying the vendor tax information, and your purchase agreement need to be submitted for processing. The remaining balance will be disbursed upon delivery, inspection and verification of components.

Your line item cost breakdown

Perhaps the most essential element in the timely completion of your home is your construction line item cost breakdown (LICB). This detailed cost “blueprint” was completed with your building professional during your loan application process. Your LICB is a vital piece of the construction process because your **draw requests and reimbursement of funds are based upon this information.**

We encourage you to review your line item cost breakdown prior to beginning your construction and to contact our Construction Specialists if you need to make any changes. Keep in mind that all changes must remain consistent with the appraisal completed for your construction loan.

For the best building experience possible, it is essential that your line item cost breakdown is accurate, and that Indymac, your building professional and you are ready to proceed with construction according to it.



Additional account information

Before we get to the nitty-gritty of breaking ground, we want to refamiliarize you with how your loan’s interest payments are handled. As funds are disbursed from your loan, interest charges accrue. Interest payments for the accrued interest charges are due monthly. To minimize the additional financial impact of an interest payment to you during your construction project, we typically create an interest reserve as part of your construction loan.

Interest accrued for 30 days at 5.0%	
LOAN AMOUNT	\$100,000
DISBURSED AMOUNT	\$10,000
<hr/>	
Amount to be paid from interest reserve	\$41.67

Interest reserve accounts

Interest payments are paid from the interest reserve during your construction period or until the interest reserve is depleted. At the end of your project, if interest reserve funds remain, the funds may be applied against your loan principal or returned to you.

See note below.

Contingency accounts

Sometimes during the course of construction, unforeseen circumstances or cost overruns can occur that increase the cost of your project. A contingency account is set up as part of your construction loan to help with these costs should that occur. Disbursement of these funds is on an “as needed” basis and will generally be in proportion to the completion of your home.

A draw request for the funds, supported by evidence of the overruns in the form of receipts, paid invoices or canceled checks, may be necessary for disbursement. If you don’t need the funds during the course of construction, they can be returned to you at the end of the project or applied against the outstanding loan balance to reduce your mortgage amount.

See note below.

Note: Texas law prohibits cash out of loan funds.

Insurance requirements

Construction-To-Permanent Loans are more involved than standard permanent loans and therefore have additional insurance considerations.

Insurance coverage was an important part of the funding of your construction loan and is an equally indispensable part of your home’s construction. It is critical for your protection as well as for those who will be working on your project.

We’ve included a review of key insurance policy features below that apply to you and your building professional. Remember, you need to keep your policy current through the entire construction process.

For you

Course of Construction (CoC) insurance

Also referred to as “builder’s risk” insurance. This is what will eventually become your homeowner’s insurance and is defined as a property policy designed to provide coverage for the property while under construction, particularly if there is damage to the structure while it is being built.

Flood insurance

Flood insurance is required any time a property is located in a FEMA-designated flood zone. If your property is in a FEMA-designated flood zone, Indymac would have notified you during your loan approval phase.

For your building professional

General liability

This insurance is **typically provided by your building professional**. General liability insurance provides protection from legal liabilities to third parties. For example, if someone gets hurt on a job site due to the fault of the builder, a claim can be filed against the builder’s general liability policy.

Worker’s compensation insurance

This policy covers the builder, subcontractors and others who will be working on your property and is generally provided by your builder.

KEY STEPS TO COMPLETE BEFORE YOU START BUILDING

There are specific steps to complete prior to construction to make sure that your funds are ready to go when you are. First and foremost is establishing a connection with our online technology for fast, convenient access to your construction loan.



Building permit

A definite must-have within the first 30 days of loan funding



Getting connected

Our technologically advanced online services are just a click away



Wire instructions

Have you identified your bank account for wired funds?



The Start Up Draw

What to expect with your initial disbursement of funds



Building permit

Permit requirements are specific to your state, county, city and even HOA (homeowner's association). If a permit is not required in your area for construction, please contact us to discuss alternatives for fulfilling the building permit requirement for your construction loan.

Within 30 days of your loan funding, Indymac requires a copy of your building permit. If you don't have one yet, and your project is being built without one, the work already completed may not be approved by your local governing agency. This can mean additional and unnecessary work that can be time-consuming and costly for you.



If your property is located in the state of Virginia, your title company must be listed on your building permit as the Mechanic's Lien Agent.

Getting connected

Indymac offers one of the most technologically advanced online services in the construction industry today. You can view your loan information and submit your draw requests online with just a few easy clicks. In terms of saving time and reducing delays, setting up and maintaining a construction account via our online method has been found to be the easiest, most convenient and most preferred means of access for our borrowers.

One of the last things you need during your construction project are delays of any kind. That's why we've designed our website to be user-friendly, efficient and ready when you are.

To register for online access to your construction loan, simply log on to www.indymacbank.com

A FEW THINGS YOU CAN DO ON OUR WEBSITE:

- Set up your construction account
- View statements and make payments
- Request a draw
- View inspection results
- Check status of draw requests
- E-mail us

Wire instructions

Indymac disburses your loan funds via wire. Our website provides the functionality for you to enter your wire instructions online. Just log in; we'll walk you through everything you need to get started. Once you've registered, you will have immediate, 24-hour access to your account throughout your construction project.

Indymac Bank Value Checking account

For fast, efficient access to your funds, we recommend opening an Indymac Bank checking account. Simply apply online at www.indymacbank.com (or call 800.998.2900) and let our New Account Representative know you are a new construction lending customer. There are no charges for wires from your construction loan and no fees for the account.

Note: Michigan and Illinois have alternate requirements for disbursement of construction funds. For these states, Indymac typically disburses funds through your closing title company. If your construction is in one of these states, Indymac will work with you and the title company for the wire information.



Online wiring instructions

Your funds are disbursed to your designated bank account easily and efficiently when you set up online wire instructions. Just follow the easy steps indicated here. You will need your bank account information available for reference.

How to create or update your wire instructions:



Construction Loan Options

Welcome! Conveniently access your Indymac Bank Construction Lending Loan information via the links below.

[Create Wire Instructions for Construction Loan Account](#)

[Draw Request](#)

[Construction Loan Activity](#)

[Construction Loan Terms](#)

[Pay Bill Online](#)

Go to www.indymacbank.com

Click on [LOG INTO CONSTRUCTION ACCT.](#)

Log in using your User ID and Password.

If you already have wire instructions you can click on [UPDATE MY WIRE INSTRUCTIONS](#)

If you have not created wire instructions: Click on [CREATE WIRE INSTRUCTIONS FOR CONSTRUCTION LOAN ACCOUNT](#)

Wire Instruction Setup

[Terms and Commitment](#) | [Wire Instructions](#) | [Account Activity](#) | [Account Statement](#) | [List of Draws](#) | [Inspections](#) | [Available Funds](#) | [My Const](#)

Thank you for choosing Indymac Bank as your construction lender. For your protection and to provide you with the fastest possible access to your construction funds, Indymac sends your money via electronic wire. To receive your construction funds, through secure link, please provide us with your bank account information. Once you have entered your account information click "Continue"

JOHN DOE
123 STREET NAME
CITY, STATE ZIP

100
32-5-1007

PAY TO THE ORDER OF: _____

DATE: _____

\$ _____

Dollars ☐ ☐

Anybank USA
Anytown, USA

ABA: 123456789 123456 0100

ABA Routing Number Account Number

My bank uses another financial institution to receive incoming wires. ☐ Yes ☒ No ☐ I'm not sure

Indymac wires construction loan funds to the account supplied by our borrower or our borrower's designee. We encourage borrowers to exercise appropriate supervision on the distribution of any funds. For your protection, borrowers are responsible for ensuring the quality and completion of work prior to distribution of loan funds.

☐ I agree to the [terms and conditions](#).

[Cancel](#) [Continue](#)

This is your wire instruction setup page.

Fill in the blanks, when complete, click [CONTINUE](#)

Now that you've seen how easy it is to get started with our online services, you're free to access multiple aspects of your loan effortlessly.

The Start Up Draw

Although your loan is a reimbursement loan, the Start Up Draw* can be used as funds to get your project underway. In general, your Start Up Draw will be disbursed upon confirmation that your loan has closed and as soon as we receive your wire instructions. Your draw includes all “soft costs” in your budget, along with a percentage of “hard costs.”

Soft costs	Also known as off-site costs, these are costs not directly related to labor or materials for construction, and are non-inspectable.
	Items include architect and engineering fees and building permits.

Hard costs	Also known as on-site costs, direct costs, board and nails and hard-cost improvements, these costs include the labor and materials used for the actual construction of the home.
	Items include lumber and hardware materials.

*This Start Up Draw process may not apply to homes being built in Florida.

The construction process

It may have seemed a long time in the making, but you are now approaching the start of your construction. To understand just what you can expect during each phase of building, we've broken down the process into three percentage-of-completion summaries, with a halfway checkpoint. Be aware that there are often simultaneous considerations during each phase; for example, at halfway, you will want to plan for what you will need for the final phase of construction, since some specialty items may need to be ordered early.

We also want to emphasize the importance of the relationship you have with your building professional throughout construction. Unless you are an owner builder and are managing the construction yourself, you will need to be in close contact with this person. Scheduling regular meetings and establishing an open and ongoing dialogue with your builder is pivotal in making certain your home will be completed on time and on budget.

Now, one last review: you've set up your construction account and wiring information, reviewed your terms, have your building permit and are working off the same page as your builder, vendors and Indymac, right? ***Okay. Ready, set, let's build your house!***





A FEW THINGS YOU’LL NEED TO ADDRESS NOW



Online services

Easy access to your loan information, including requesting a draw, updating wire information, statement viewing and online bill pay



Inspections

Validating the completion of your construction



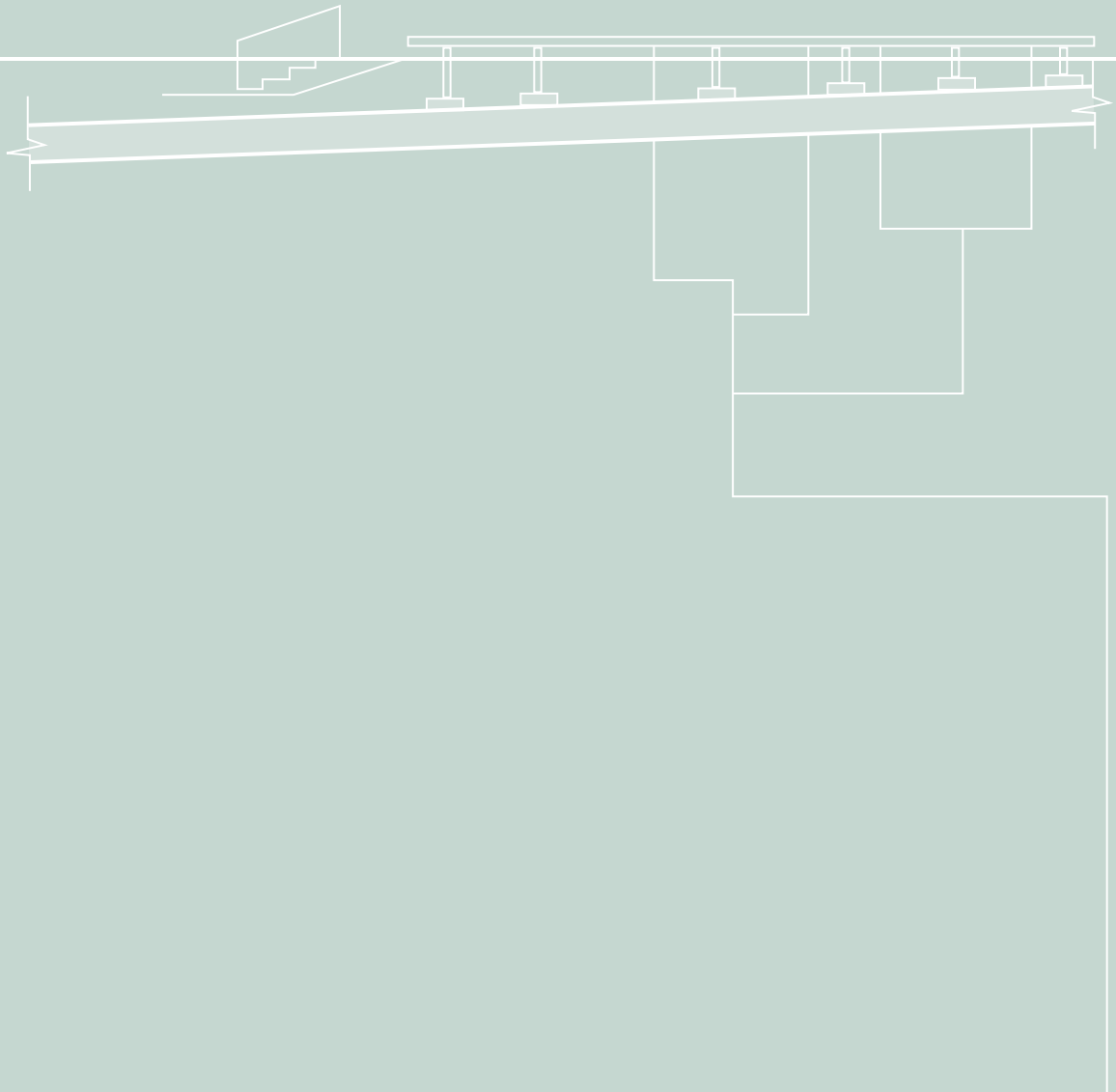
Title updates

Make sure the work being done on your home is lien-free

0–25%

Construction begins

Site preparation and foundation phase



0–25%

0–25%

Well done! Now that your loan has funded and you've reviewed your checklists, you're ready to begin the first phase of construction. You will receive a welcome call from one of our Construction Specialists, who will walk you through the important next steps.

We understand that you may be building your first home, and our Specialists want to make this event as easy as possible. They will review the key features of your construction loan, including the terms of your loan, wire instructions and Start Up Draw. They will also help you with any questions you may have about online access.



If we are unable to reach you personally for your welcome call, please call us back at your earliest convenience at **1.800.MY.DRAWS (693.7297)**. This call is an essential part of ensuring that your construction runs smoothly.

As usual, you can count on us to be available at every step of the process as you begin this exciting project. From your welcome call to this handbook, we're dedicated to making your life easier and your construction run with ease.



Online services

Indymac's online services have been designed to make life during the construction process easier and less stressful. From setting up your construction account to viewing your statements, the power of convenience is always a click away.

Submitting a draw request online

In the Steps to Complete section of the handbook, we reviewed your Start Up Draw. Now that construction has begun, it's important to understand how to make requests for the remainder of your loan funds.

The following is the process for submitting a draw request through your account on the Home Construction Lending website:

Log on to your online account at:

www.indymacbank.com



Click on LOG INTO CONSTRUCTION ACCT.

This is the sign-in page to your account.

Remember to bookmark this page for easy access.

Log in using your User ID and Password.

If you have not registered, please click on the REGISTER button.

This is your registration page.

Fill in the blanks next to the red asterisks. When complete, click SAVE.

Continued on the next page.

0-25%

This is your Construction Loan options page.

Here you can conveniently access your Indymac Bank Construction Loan by clicking on links listed.

You will now be able to view and make draw requests.

Select

- ☐ **DRAW REQUEST** from your Construction Loan options page.

This is your budget page.

Enter the amounts requested for selected items and click **SUBMIT**

Confirm your Draw Request and click **SUBMIT** again.

Construction Loan Options

Welcome! Conveniently access your Indymac Bank Construction Lending Loan information via the links below.

[Create Wire Instructions for Construction Loan Account](#)

[Draw Request](#)

[Construction Loan Activity](#)

[Construction Loan Terms](#)

[Pay Bill Online](#)

Draw ID					
Item	Description	Allocated Funds (\$)	Pending Amount (\$)	Available Funds (\$)	Requested Amount (\$)
0101	Architect, Engineering, & Fees	50,000.00	0.00	50,000.00	<input type="text"/>
0102	Design Review/Plan Check	3,000.00	0.00	3,000.00	<input type="text"/>
0103	Permits - City/County	18,000.00	0.00	18,000.00	<input type="text"/>
0104	Utility Connection Fees	16,000.00	0.00	16,000.00	<input type="text"/>
0209	Builder Contingency	55,000.00	0.00	55,000.00	<input type="text"/>
0303	Rough Grading/Drainage/Excavation/Fill	50,000.00	0.00	50,000.00	<input type="text"/>

0801	Countertops	10,000.00	0.00	10,000.00	<input type="text"/> Deposit
0802	Tub/Shower/Enclosures	26,000.00	0.00	26,000.00	<input type="text"/>
0803	Interior Painting / Wall Coverings	20,000.00	0.00	20,000.00	<input type="text"/>
0804	Hard Surface Finish Flooring	20,000.00	0.00	20,000.00	<input type="text"/> Deposit
0821	Hardscape-Driveway, Walkways, Steps	15,000.00	0.00	15,000.00	<input type="text"/>
0822	Landscaping	20,000.00	0.00	20,000.00	<input type="text"/>
0823	Irrigation System	5,000.00	0.00	5,000.00	<input type="text"/>
1002	Contingency	33,650.00	0.00	28,574.00	<input type="text"/>
Sub-Totals (\$):		848,650.00	0.00	843,574.00	0.00

Please enter any comments:

Overall project completion is: %

I am the ☒ Borrower ☐ Co-Borrower

☐ I agree to the [terms & conditions](#)

SUBMIT ::



Your User ID and Password are important in ensuring the security of your loan and should not be shared with anyone.

Once your request for a draw is received, an inspection to confirm the status of your home's construction may be performed. If an inspection is ordered, you can expect the results within three to five days. Draws are disbursed the first business day following the receipt of the inspection results. If no inspection is required, funds will be disbursed within one business day.

The amount of funds disbursed is based upon the level of completion verified by the independent inspector.

You may also fax the request to us, but please note that this will extend the processing time. For your protection, we cannot accept verbal draw requests.

Access to draws



Keep in mind the importance of maintaining a close eye on your funds during your entire construction process. The funds you have secured for your project **belong to you**; you ultimately choose their allocation and should therefore oversee the job's progress with diligence to ensure that funds are being accurately disbursed based on the completion of work and receipt of the appropriate lien waivers.



Online bill pay

Online bill pay is a convenient way to make your loan's interest payment. Whether you have chosen to make the payment yourself, your interest reserve is depleted, or your loan did not include an interest reserve, online bill pay is a simple way to go about making a payment. You will receive a monthly statement with a remittance for payment, just like the one detailed in this section. Statements may also be accessed online.

Paying your interest costs is now as easy as entering an amount and pushing a button. It's especially ideal for those who may choose to pay their interest from their personal funds.

Easy, online bill pay steps:



Log in to your Construction Loan options page.

Click on

☐ **PAY MY BILL ONLINE**

This is your statement.

In the field, enter the dollar amount of the payment you wish to make.

Once you have entered the payment amount, click on **PAY BILL** button. ☐

Construction Loan Options

Welcome! Conveniently access your Indymac Bank Construction Lending Loan information via the links below.

[Create Wire Instructions for Construction Loan Account](#)

[Draw Request](#)

[Construction Loan Activity](#)

[Construction Loan Terms](#)

[Pay Bill Online](#)

imb IndymacBank SM		MONTHLY ACCOUNT STATEMENT		
		Statement Date: May 22, 2006 As Of Date: June 01, 2006		
Account Information				
Loan Number:		123456789 001		
Property Address: 5678 Main Street Anywhere, USA 12345				
Loan Amount:		995,000.00		
Const. Funds Undisbursed:		39,335.00		
Interest Reserve Undisbursed:		0.00		
Current Amount Due		4,708.40		
Due Date		June 01, 2006		
Maturity Date:		May 31, 2006		
Construction Interest Rate:		6.00%		
Total Payment:		\$ <input type="text"/>		
		<input type="button" value="Pay Bill"/>		
TRANSACTIONS SINCE LAST STATEMENT				
Date	Description	Amount Due	Disbursement/ Prin. Payment	Prin. Bal
04/30/2006	INTEREST BILLING - PERIOD END*	\$11.79	\$0.00	\$0.00
05/01/2006	Auto Deduct from Commit	\$0.00	\$3,518.09	\$888,280.00
05/01/2006	Balance Forward	\$0.00	\$0.00	\$894,750.12
05/01/2006	Plumbing Fixtures	\$0.00	\$6,000.00	\$894,280.00
05/01/2006	Auto Deduct from Commit	\$0.00	\$4.58	\$884,754.70
05/01/2006	Finish Electrical	\$0.00	\$6,000.00	\$900,280.00
05/01/2006	Auto Deduct from Commit	\$0.00	\$7.21	\$894,761.91
05/04/2006	Gen Contractor overhead/profit	\$0.00	\$5,000.00	\$905,280.00
05/04/2006	Masonry Veneer	\$0.00	\$4,000.00	\$909,280.00
05/08/2006	Plumbing Fixtures	\$0.00	\$1,800.00	\$911,080.00
05/08/2006	Hard Surface Finish Flooring	\$0.00	\$4,500.00	\$920,127.00
05/08/2006	Tub/Shower/Enclosures	\$0.00	\$4,547.00	\$915,627.00
05/12/2006	Ornamental Iron	\$0.00	\$1,660.00	\$923,537.00
05/12/2006	Built-in Appliances	\$0.00	\$9,600.00	\$939,087.00
05/12/2006	Garage Doors	\$0.00	\$2,000.00	\$925,537.00
05/12/2006	Security System	\$0.00	\$350.00	\$940,037.00
05/12/2006	Touch-Up / Final Cleaning	\$0.00	\$500.00	\$921,877.00
05/12/2006	Mirrors	\$0.00	\$2,850.00	\$923,487.00
05/12/2006	Gen Contractor overhead/profit	\$0.00	\$15,000.00	\$935,665.00
05/12/2006	Protect Maint/Supr	\$0.00	\$1,250.00	\$921,377.00

Payments made by 5 PM PST are posted the next business day.

Monthly statements

Our statements are designed to be user-friendly and easy to read. The cut-off date for statements is the 20th of each month, and will generally arrive to you five days later via regular mail. Statements are also available online. Remember, your Interest Reserve account was established to pay the interest due from your loan during the life of the loan or until the reserve is depleted.



- In the event of a depleted reserve, you are responsible for making payments, which are due on the 1st and considered late on the 16th.
- Interest, which begins accruing at the point loan funds are drawn, is determined based on the loan balance as of the statement date and is assumed to remain constant during the remainder of the month.
- If your loan balance changes between the statement date and the end of the month, an interest adjustment will appear on your statement the following month.



Inspections

Inspections are completed by a qualified independent inspector, contracted by Indymac Bank. We depend on these inspectors to provide us with accurate documentation of your property's construction progress. These inspections are also helpful for you in gauging the progress of your building professional. It is, however, important to remember that inspectors do not evaluate the quality of the work itself, only that it is completed. As the owner, you are responsible for paying close attention to construction quality.

Inspections are ordered randomly throughout the construction process. Keep in mind that should your project require more than five inspections, you may incur additional charges.

If your draw request triggers an inspection, the inspection is requested by us and completed by an independent inspector. The inspection results will then be posted on our website, generally within three business days. Draw requests are delivered to you within one day of receipt of the supporting inspection.

View inspection activity

By clicking on "view inspections" from the draw requests section of the website, you can view the independent inspector's results.

About title checks

During the course of your construction project, Indymac will check to ensure the title to your property remains clear, or without a lien. When a lien—or the right to hold the property as security for payment of a debt—is recorded, the title to the property is encumbered. An unencumbered or clear title is required for loan disbursement.

If we discover a problem during the course of the title update, we will temporarily suspend your account and contact you immediately. Of course, our Construction Specialists will work with you to ensure that you know what necessary documentation is required to clear the liens so your construction project can get back on track.

Types of liens:

- **Mechanic's Lien/Stop Notice** — lien to secure payment for work and materials in building or repairing a structure.
- **Property Tax Lien** — a claim imposed by the government to liquidate a person's property until the tax owed is fully paid.

Construction checklist

(0–25%)

Congratulations! You now have the foundations of your dream home completed! To see just how far you've come, we've created an end-of-phase checklist for you to highlight the most significant aspects of finished construction. This list is a summation of what's been "happening on the ground," and reflects events in your line item cost breakdown for this portion of building.



PLANNING

Preconstruction planning activities, including fees, permits, taxes and all preconstruction costs



PROJECT UNDERWAY

Construction costs (general requirements)



SITE ACTIVITY

Clearing, grading and environmental preparation



FOUNDATION

Ground plumbing, mechanical, electrical, foundation and endorsement.



It is important to keep a close eye on your construction budget to ensure that the construction and disbursement percentages correlate.

Remember, it is **not** the independent inspector's role to evaluate quality of work, just completion.



A FEW THINGS YOU'LL NEED TO ADDRESS NOW



Deposits

What building materials require a deposit?



Evaluating your progress

Do you have everything you need to finish your home?



Scheduling

Are you on schedule to meet your completion date?



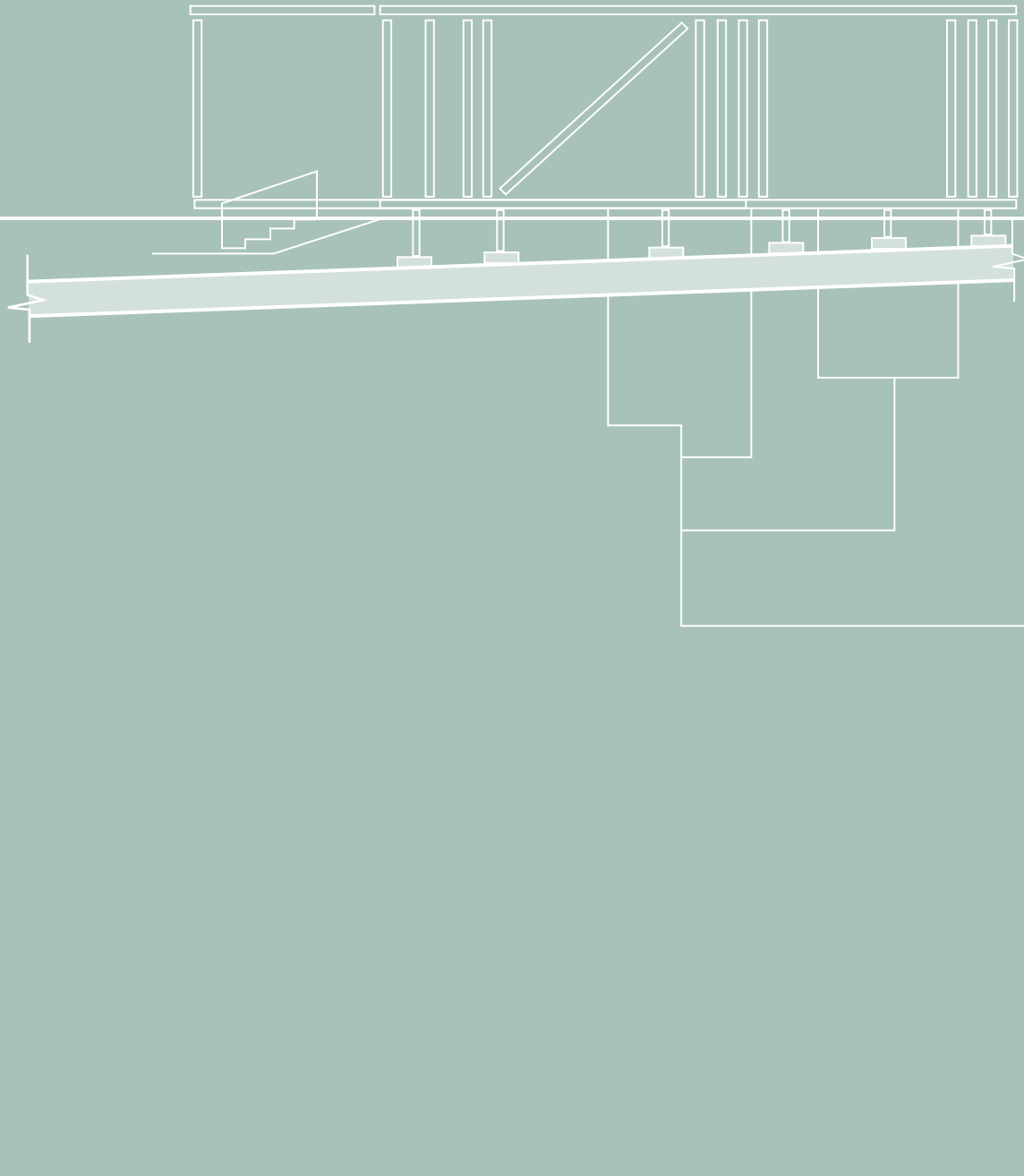
Your Roll-To-Permanent Loan

It's time to start thinking about your permanent Indymac mortgage

26–50–70%

Midway through construction

Rough-in completion and weathertight phase



26–50–70%

26–70%

During this stage, all major “rough” work is completed, including framing and exterior/interior walls. Your building professional will also install other building essentials such as plumbing and electrical at the rough-in stage, completing the majority of structural construction work and setting the stage for all finishing work and your project’s completion.

This phase will include the ordering of specialty items, such as cabinetry and fixtures, that will be installed during the final stage.



When a deposit is required

Specialty items often call for lead time, in addition to custom craftsmanship that will usually require a deposit. We will release up to 50% of the total amount budgeted for items that must be constructed off-site and transported to the site.

SOME ITEMS THAT MAY REQUIRE A DEPOSIT

- Windows/doors
- Countertops and cabinets
- Special-order appliances
- Flooring
- Custom lighting
- Trusses
- Lumber

Note: An invoice may be required, depending on line item.

Requesting an online draw for deposit items

Simply follow the same online access steps for a regular draw when requesting deposits through your online account. Indicate with a check mark in the deposit column that you would like to request up to 50% of the line item so that you can put a deposit on these items with the vendor. (If the item has already been purchased and installed, and you would like to have us inspect this item for complete reimbursement, do not mark the deposit box.)

Draw ID					
Item	Description	Allocated Funds (\$)	Pending Amount (\$)	Available Funds (\$)	Requested Amount (\$)
0101	Architect, Engineering, & Fees	50,000.00	0.00	50,000.00	
0102	Design Review/Plan Check	3,000.00	0.00	3,000.00	
0103	Permits - City/County	18,000.00	0.00	18,000.00	
0104	Utility Connection Fees	16,000.00	0.00	16,000.00	
0209	Builder Contingency	55,000.00	0.00	55,000.00	
0303	Rough Grading/Drainage/Excavation/Fill	50,000.00	0.00	50,000.00	

0803	Interior Painting / Wall Coverings	20,000.00	0.00	20,000.00	<input type="checkbox"/> Deposit
0804	Hard Surface Finish Flooring	20,000.00	0.00	20,000.00	<input type="checkbox"/> Deposit
0821	Hardscape-Driveway, Walkways, Steps	15,000.00	0.00	15,000.00	
0822	Landscaping	20,000.00	0.00	20,000.00	
0823	Irrigation System	5,000.00	0.00	5,000.00	
1002	Contingency	33,650.00	0.00	28,574.00	
Sub-Totals (\$):		648,650.00	0.00	843,574.00	0.00

Please enter any comments:

Overall project completion is: %

I am the ☒ Borrower ☐ Co-Borrower

☐ I agree to the [terms & conditions](#)

Log in to your Construction Loan options page.

Select **DRAW REQUEST** 

This is your budget page.

Enter the amounts for deposit items and check the deposit box.

Click on **SUBMIT**

Confirm your draw request and click **SUBMIT** again.

26-50-70%

50%

Checkpoint

You're halfway home

Well done! You've now made it halfway through your home's construction. It's important at this stage of the process to assess where your project now stands, literally and figuratively.





Evaluating your home's progress

Once you have reconfirmed your budget and made appropriate adjustments, take stock of the next steps in your construction. Do you have all of your vendor supplies ordered? Have you reviewed finished bids?



Check your scheduling

First and foremost, you will want to check your timing. Are you on schedule? Even with the best planning and diligence, circumstances may arise that cause your project to be delayed and miss the original completion date. If you determine that you are not on schedule, please contact one of our Construction Specialists to discuss an appropriate extension to your construction term.

Also be aware that sometimes projects can be more expensive than originally planned. It is very important to have solid estimates prior to beginning your project. Should overruns occur, some or all of the overrun, depending on timing and amount, may be funded from your contingency account. If the costs exceed what is available in the contingency line, you are responsible for the additional charges. We can evaluate increasing the amount of your loan, although doing so will mean requalifying for the amount needed.

In the event the completion date has been exceeded and we need to extend your loan, your loan draws will be placed on hold until the extension is completed. Remember, the terms of your loan agreement are tied to your completion date. If an extension becomes necessary for your project, please contact us as soon as you are aware that you will need additional time. Keep in mind that if you do need to extend the term of your loan, we do charge an extension fee to cover the costs related to the extension. It may also be necessary to reprice your loan.

50%



Start thinking about your permanent mortgage

Now's the time to start thinking about rolling your current loan to your pre-approved Indymac permanent mortgage. You will be contacted by one of our Construction Specialists when your project is nearing completion to begin planning for this step. It is important to consider the advantages of an Indymac permanent mortgage, since we offer a wide variety of loan products at extremely competitive rates. In fact, our Construction-To-Permanent Loan features a no-additional-cost roll to your permanent mortgage—which means no additional points, closing costs or any other fees for your Indymac permanent mortgage.



Construction checklist

(26–70%)

Way to go, you've now covered the majority of the construction tasks, and your home is really starting to take shape! Here's a review of your recent site activity and the corresponding line items.



PLANNING



PROJECT UNDERWAY



SITE ACTIVITY



FOUNDATION



ROUGH-IN COMPLETION

Exterior/Interior walls completed, rough HVAC and electrical, fireplace and hardware installed



EXTERIOR WEATHERTIGHT COMPLETED

Roofing, windows, exterior doors, including patio and garage doors, and painting



DEPOSIT ITEMS

Reviewed and ordered:

- windows/doors
- countertops/cabinets
- special-order appliances



It is important to keep a close eye on your construction budget to ensure that the construction and disbursement percentages correlate.

Remember, it is **not** the independent inspector's role to evaluate quality of work, just completion.



A FEW THINGS YOU'LL NEED TO ADDRESS NOW



Elements of completion

Certificate of occupancy, state-specific documentation, evidence of homeowner's insurance, signing your loan modification document



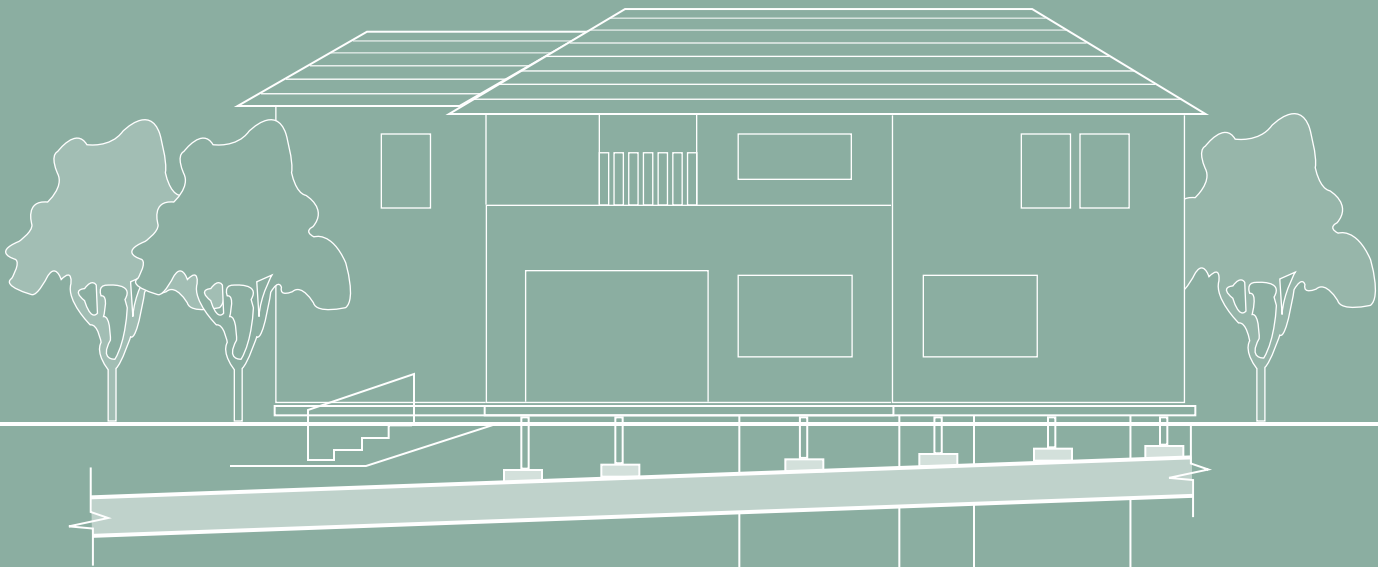
Making the transition to your permanent mortgage

Your Construction Specialist will help you with a smooth conversion

71-100%

Nearing completion

The finishing phase



71-100%

71–100%

In this final phase of building, all finish work such as painting, carpeting, floor-finishing, special items and installation of cabinetry is handled. You are also close to the end of your construction loan and should be on track to receive your Certificate of Occupancy. This is the time you will begin to work with one of our Construction Specialists to transition your construction loan to your Indymac permanent mortgage.



Transitioning to your permanent mortgage

Your construction loan is a one-time close loan, which means that once your construction project (and any additional paperwork) is completed, you may be able to modify your existing permanent mortgage loan terms at no additional cost — so you pay no additional points or closing fees when Indymac Bank finances your permanent mortgage. We want you in your dream home sooner, so we have eliminated the need for multiple loans.

Your Indymac Construction Specialist will work with you to ensure that you are aware of all the necessary steps to roll your loan to permanent.

For questions contact us at **1.800.MY.DRAWS (1.800.693.7297)**.

At the end of construction, if you have funds remaining in your construction loan, you can use those funds in two ways:

- The funds can be disbursed to you (except in Texas).
- The funds can be applied to the loan amount, decreasing the principal amount of your permanent loan.

Here's what you need to roll your construction loan to a permanent mortgage:

Certificate of Occupancy and other state-specific requirements

Also known as the Final Building Sign-off from your City/County Building Department. Some states require completion sign-offs; your Construction Specialist will let you know if additional sign-offs are necessary.

You should also provide any state-specific requirements for project completion:

- **Alaska, Arizona, California, Nevada and Tennessee** require a recorded notice of completion.
- **Colorado** requires an Improvement Location Certificate.
- **Hawaii** requires notice of completion to be posted in a local newspaper.
- **Idaho, Montana and Wyoming** accept a certificate of Substantial Completion.
- **Texas** requires a septic certificate.

Continued on the next page.

71-100%

Evidence of homeowner's insurance

You will need to demonstrate homeowner's insurance coverage for at least one year. Our Mortgagee clause should read:

IndyMac Bank, F.S.B., Its Successors and/or Assigns (ISAOA)
P.O. Box 2971
Phoenix, AZ 85062-2971

Loan modification documents

Once your construction is completed, and your final conditions are submitted, you are ready to transition to your *no-additional-cost* permanent mortgage. If you wish to retain the mortgage product and rate included as part of your Construction-To-Permanent Loan, our loan officers will transition you to that permanent mortgage. We'll also work with you should you prefer another mortgage program.

In the event you choose to change your permanent mortgage program, we'll simply send you modification documents to sign that will update your permanent mortgage choice. Remember, there is no additional cost to you for the transition to a permanent mortgage with Indymac Bank.



Construction checklist

(71–100%)

Way to go — you are in the home stretch of your homebuilding! Here's a review of your recent site activity and the corresponding line items:



PLANNING



PROJECT UNDERWAY



SITE ACTIVITY



FOUNDATION



ROUGH-IN COMPLETION



EXTERIOR WEATHERTIGHT COMPLETED



DEPOSIT ITEMS



DRYWALL AND CARPENTRY COMPLETION

Drywall/Plaster, insulation, cabinetry furnished and installed, interior carpentry completed, and interior doors mounted and hung



BUILDING COMPLETION AND FINAL INSPECTION

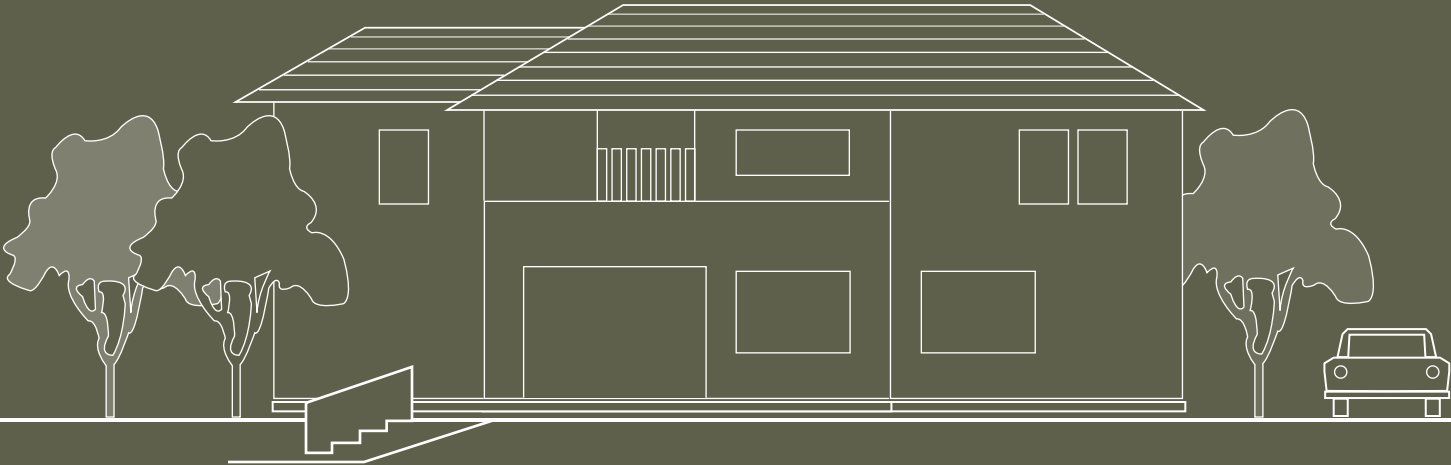
Interior painting, built-ins, specialty items, carpet and fixtures installed, landscaping, pool/spa, hardscape, touch-up and final cleaning

71–100%



YOUR DREAM IS NOW A REALITY

Home sweet home



The only thing left is to move in

Now that your dream home is a real home, we'd like to take the opportunity to thank you for letting us be part of your homebuilding journey. We appreciate your confidence in selecting us as your financial partner. Although your construction project is finished, we still want to be of service to you if you have questions about how to make payments, how to make the most of your new home's value or just general inquiries. Please feel free to contact us at any time.

So take your shoes off, feel the new hardwoods or carpet under your feet and have a nice long look around—your home is complete. May we be among the first to say, "Welcome home."



Mortgage payments

On the first of the month *following* the month that your loan rolls to permanent, your first mortgage payment will be due. For example, if your loan rolls to permanent on July 1, your first mortgage payment will be due August 1.

Mortgage payments are due on the first of the month and considered late on the 16th of the month for the duration of your mortgage with Indymac Bank.

You should receive a statement for your payment each month, although, sometimes, the first statement can be delayed while we transition your loan. Your Construction Specialist will tell you the amount of your mortgage payment for the first month.



In the event that you do not receive a statement in time to have the payment to us and processed by the 15th, please mail the amount indicated by your Construction Specialist with your loan number in the memo line of your check. Doing so ensures that your payment is properly applied to your mortgage.

Home Equity Line of Credit

Based on the information you provided when you completed your construction loan, you may already be pre-qualified for an Indymac Home Equity Line of Credit. There may be no requalification process or any fees to open, just ask your Construction Specialist for details. Imagine: you can use the equity in your new home for additional landscaping, or even to provide new furnishings. The best part is that the line of credit you secure now can be used anytime in the future for a variety of needs.

Once you have settled into your new home, you may find you have need of other Indymac products and services. For a full listing of what's available to you, visit us once again online at www.indymacbank.com.

Indymac Bank Contacts

To make monthly interest payments on your loan

Online	www.indymacbank.com
U.S. mail Remember to write your loan number on your check and make payable to Indymac Bank.	Indymac Bank P.O. Box 79108 Phoenix, AZ 85062-9108 Please allow at least four business days for your payment to be received and credited to your account.
Overnight services Remember to write your loan number on your check and make payable to Indymac Bank.	Indymac Bank Home Construction Lending Construction Service Center 3465 East Foothill Blvd. Pasadena, CA 91107 Please allow two business days for overnight payments to be credited to your account.

To make a payment on your loan once it has rolled to a permanent mortgage

U.S. mail Remember to write your loan number on your check and make payable to Indymac Bank.	Indymac Bank P.O. Box 78826 Phoenix, AZ 85062-8826 Please allow at least four business days for your payment to be received and credited to your account.
Overnight services Remember to write your loan number on your check and make payable to Indymac Bank.	Indymac Bank 6900 Beatrice Drive Kalamazoo, MI 49009 Please allow two business days for overnight payments to be credited to your account.

How to reach us

U.S. mail	Send written correspondence to: Indymac Bank Home Construction Lending Construction Service Center 1707 Market Place Blvd. Irving, TX 75063-8042
Website	www.indymacbank.com
Telephone	1.800.MY.DRAWS (693.7297) Our Construction Service Specialists are available Monday through Friday from 7:30 AM to 7:30 PM CT to assist you.
Fax	626.440.6806 Our fax service is available for sending draw requests, copies of invoices and receipts, and any other loan-related documents.
E-mail	mydraws@indymacbank.com We'll get back to you within one business day.

This is where a house becomes a home.

We hope you've found this handbook helpful in navigating your way through the homebuilding process. Now that you've completed your project, you can begin to realize all the dreams you envisioned before your journey began, back when your dream house was a only a set of plans and an open space...

So go ahead and plant your favorite vegetables in your first garden, set up your media center, enjoy your new workshop or revel in your cedar-lined walk-in closet.

But mostly, celebrate your achievement, the effort you put into its creation and the moment in time when a new house became your new home.



IndymacBankSM
Home Construction Lending

