



## Construction Loan

When constructing a new home, building is generally completed in several stages. With our Construction Loan, rather than settling a loan for the entire cost of building the home, the loan is drawn down in stages through progress payments.

### Product overview

#### How is a loan drawn down?

The builder will issue you with approximately 5 invoices during the course of construction. As each claimed stage has been completed, you will authorise us to pay the builder.

#### Loan options

The construction loan feature is available with or without an offset with variable interest rates and with principal and interest or interest only repayments. 12 or 24 Month interest only is available during construction but must be selected at the Apply Online submission. The interest only period can not exceed 24 months.

#### Interest rates

Construction rates differ from our standard rates and are based on the LVR of the loan (please refer to the current rateboard).

#### How do I authorise each claim to be paid?

Prior to making a payment to the builder, we may inspect the property at our discretion to ensure the works claimed are completed.

You will also need to check the amount claimed by your builder against your building contract payment schedule, to ensure they are not claiming more than they are due. If you are satisfied with the claim, send a Progress Payment Authority form (which will be included in your loan documentation), and the builder's invoice to us for payment.

**Note:** It is important that you do not authorise payment prior to the works being substantially completed, as you may risk breaching your indemnity insurance policy.

#### How long will it take to forward payment to the builder?

There is a 5 business day processing time to respond to the builder's claim after we receive the Progress Payment Authority form and the builder's invoice from you. There is a 10 business day processing time to respond when inspections are required due to arranging inspection times with a valuer.

Features	
When do I have to use my own funds towards construction?	<p>When your total building cost is greater than the amount of funds that the bank is holding in your building loan account, you will be required to use your own funds towards the cost of the building project.</p> <p>For example:</p> <p><b>Total building cost - \$150,000</b></p> <p><b>Loan amount - \$130,000</b></p> <p><b>Difference - \$20,000</b></p> <p>This \$20,000 difference must be paid to the builder on completion of work as per schedule prior to us releasing any of the funds that we may be holding. You will not be able to pay this difference during construction or at the end of the construction (i.e. after the last claim stage).</p>
Can builder's claims be paid before the work is complete?	<p>No. All payments made by us are made in arrears; therefore the work must be substantially complete before payment will be forwarded. We will forward payment to your builder, the lesser of:</p> <ul style="list-style-type: none"> <li>• <b>The amount claimed by the builder;</b></li> <li>• <b>The amount stated in the building contract payment schedule;</b></li> <li>• <b>The amount authorised by you; or</b></li> <li>• <b>The amount our valuer authorises (where we require an inspection)</b></li> </ul> <p>Request for payment for materials that are yet to be fixed to the construction site will not be processed.</p>
How do I request funds for work not included in the contract with the builder?	<p>All payment requests, Progress Payment Authority forms and supporting invoices must be submitted in writing to us.</p>
What do I need to provide for release of the final payment to the builder?	<p>For the final payment to be made you must provide the following:</p> <ul style="list-style-type: none"> <li>• <b>Builder's final invoice;</b></li> <li>• <b>Building insurance certificate of currency, noting Bendigo and Adelaide Bank Limited as an interested party;</b></li> <li>• <b>Progress payment authority, with the final claim section completed and signed by the loan applicant(s);</b></li> <li>• <b>Certificate of Occupancy/Certificate of Compliance (for relevant States and Territories); and</b></li> <li>• <b>Final Inspection Report.</b></li> </ul>
Can I redraw my loan?	<p>Redraw is only restricted during the initial construction period.</p>
Upfront / Other Fees	<p><b>Available from your Mortgage Broker.</b></p>
LVR Restrictions	<ul style="list-style-type: none"> <li>• Maximum LVR without LMI is 80%</li> <li>• Maximum LVR with LMI is 90%</li> </ul>

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Contact your broker or call us on 1300 369 564