

BUILDING/CONSTRUCTION HOME LOAN FACT SHEET.

A Building/Construction loan can be used to build your own home, complete renovations or knock down and rebuild. For all other features relating to Building/Construction loans, please refer to the fact sheets for the specific loan type that the Building/Construction loan applies to.

Eligible Loan Type	<p>Included loans: Standard Variable Rate, Economiser/Rate Saver, 3 Year Special Economiser/Rate Saver, Extra Home Loan & Extra Home Loan (2 year Introductory Rate).</p> <p>Excluded loans: Viridian Line of Credit, Equity Unlock for Seniors, Fixed Rate loans, No Fee Variable Rate, 12 month Discounted Variable Rate.</p>
Eligible Loan Purpose	<p>Included purposes: Dwellings that will be retained for personal investment or residential purposes.</p> <p>Excluded purposes: Dwellings built for the purpose of immediate sale. Construction of more than a maximum of two dwellings on the same title.</p>
The Building Contract	<p>Find a reputable, licensed and insured builder and draw up plans with an architectural draftsman or your builder. A Building Contract will then be put together which includes the cost, terms of construction and Progress Payment Schedule for payments to be made to your builder.</p> <p>Where the contract size is <\$1m only a fixed price contract is eligible for a building/construction loan. For contract sizes >\$1m a fixed price contract or cost plus contract may be eligible.</p> <p>Your Progress Payment Schedule will typically have a schedule of 5 – 6 progress payment milestones during the construction period. For example:</p> <ul style="list-style-type: none"> • Deposit to builder – deposit to commence • Base/Slab – the foundation • Frame – the frame of your property • Lock up – external walls and roofing • Fit out – internal fittings and fixtures • Completion – conclusion of contracted items. <p>Please note, you are required to use all of your equity contribution before we release any loan funds.</p>
Approving your Building/Construction Loan	<p>In addition to your loan application documents (evidence of your income, assets and liabilities), there are other specific documents you'll need. These documents can be obtained from your builder and are required to complete necessary valuations:</p> <ul style="list-style-type: none"> • Signed and dated Building Contract • Progress Payment Schedule (usually included in the Building Contract) • Council approved plans for your construction • Quotes for any additional work(s) to be funded by this loan, that are not included in the Building Contract. <p>Builders Insurance (Contract of Works), showing:</p> <ol style="list-style-type: none"> 1 Insurance amount equal to or in excess of the Building Contract price 2 Name of the property owner 3 Name of the building company 4 Address of construction property within Australia or marked as 'Anywhere in Australia' 5 Expiry date of the insurance policy 6 Public Liability Insurance, showing: <ul style="list-style-type: none"> • \$5 million minimum • Expiry date of the policy • Address of construction property within Australia or marked as 'Anywhere in Australia'.
Start date of construction	<p>Construction must commence within 6 months from the Disclosure Date on your Home Loan Contract, and be completed within 24 months.</p>

Builders Deposit	<p>Your builder may ask for an up-front deposit to cover the initial purchase of materials. Once you have used up all of your equity contribution, we can provide funds from the loan to pay the remainder of this if, the builder's deposit is included as a milestone in the Progress Payment Schedule, all construction and loan documentation is held and you are ready to commence construction.</p> <p>Prior to releasing the first progress payment it is a requirement that the building plans including evidence of approval (stamp or council letter as appropriate) are provided for inclusion with the application.</p>
Making Progress Payments	<p>Invoices from your Builder align to the Progress Payment Schedule in the Building Contract. Once you have used up all of your equity contribution, simply sign each additional tax invoice from your builder to authorise payment. We'll pay each progress payment directly to the builder for completed work. This may be subject to a valuation. Please be aware that a Progressive Drawing Fee applies for each progress payment.</p>
First Home Owners Grant (FHOG) Payment	<p>If you are eligible for a FHOG payment, complete the FHOG application at the same time you apply for your construction loan. We'll lodge the FHOG application to the Office of State Revenue once we receive a 'base/slab' invoice Progress Payment request from you.</p> <p>We may be in a position to release your First Home Owners Grant to you prior to completion of the building foundations to help you pay for your builders deposit in unique circumstances. Please speak to your lender or Broker for more details.</p>
Access to the construction site	<p>You and your builder must allow our representatives access to the construction site at any time for matters relating to your loan. All building/construction home loans require at least one valuation to be completed.</p>
Variations to your planned construction	<p>If there are any variations to the Building Contract or council approved plans, let us know immediately, as they may impact your loan arrangements.</p>
Completion of your construction	<p>On completion of your construction, we will arrange for a final property inspection to confirm all works to the property are finished. Please allow at least 7 business days for the valuer to inspect the property and the final payment to be made to your builder.</p>
Your Repayments during construction	<p>While your construction is in progress, your home loan repayments will be interest only calculated using your loan's interest rate (using the principal and interest reference rate) on the amount of funds you have drawn from your loan. Interest payments will be made on the 15th of each month and on the final funding date, from your nominated account. During this time, you're welcome to make additional repayments over and above the interest only payments.</p>
Your Repayments after construction	<p>When your construction is complete and your loan is fully funded, your first required monthly repayment amount (RMRA) of principal and interest will be due one month after the final progress payment has been made.</p>

Things you need to know

- This fact sheet has been prepared by the Commonwealth Bank without considering your individual objectives, financial situation or needs. You should consider its appropriateness to your circumstances and consider seeking professional advice relevant to your individual needs before making a decision based on this information. You should also obtain professional, financial and taxation advice specific to your individual needs
- Applications for finance are subject to the Bank's normal credit approval
- Full terms and conditions will be included in our loan offer
- Fees and charges are payable, please refer to our standard fees and charges brochure
- This fact sheet is subject to change without notice.