

Building Loans

Frequently Asked Questions

Available Loans

Building Loans are available on Balanced Term Loans, with several flexible options:

- Fixed or variable interest rate options
- 100% Offset Home Loan
- Lo Doc Term Loans
- Go-Between Loans

Building Loan Fee

\$ 395 plus the standard home loan application fee, payable on settlement. This fee is for the administration involved in progressive drawdowns on your loan.

What is a building loan and how does it work?

Building is generally completed in several stages. Once a stage is completed, the builder will issue an invoice. If the stage has been completed to your satisfaction, you will authorise us to pay the builder. This means the loan is drawn down in stages through progressive payments. The builder will issue you with approximately 5 invoices during the course of construction. Prior to making a payment to the builder, we may confirm the works claimed are completed.

How do I authorise each claim to be paid?

With each builder invoice, you will need to visit the construction site to confirm that the works claimed are substantially complete. 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.

Please 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 my builder?

There is a 5-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.

When do I have to use my own funds towards construction?

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. For example:

Total Building Cost.....	\$150,000
Loan Amount.....	\$130,000
Difference.....	\$20,000

This \$20,000 difference must be paid to the builder 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 with the last claim, except where your loan is also a Go-Between Loan and you sell your existing property before your new home is completed. In this case we will advise you if any of your surplus funds will need to be put towards the cost of construction, before any further funds are provided by the bank.

Can builders' claims be paid before the work is complete?

No, the work must be substantially complete before payment will be forwarded. We will forward payment to your builder, the lesser of:

- The amount claimed by the builder;
- The amount stated in the building contract payment schedule;
- The amount authorised by you; or
- The amount our valuer authorises (where we require a valuation).

Request for payment for materials that are yet to be fixed to the construction site will not be processed.

What do I need to provide for release of the final payment to the builder?

For the final payment to be made you must provide the following:

1. Builder's final invoice.
2. Building Insurance Certificate of Currency, noting Adelaide Bank as an interested party.
3. Progress Payment Authority, with the final claim section completed, signed by the loan applicant(s).

