Your guide to the Construction Loan process.



Building a new home or completing a major renovation can be a complex process.

Here are the most common steps to help you on your Construction Loan journey - from application to the completion of your build.

Your Home Lending Specialist or Broker will help you at each stage and go through any detail unique to your situation (e.g. building a new property, completing major renovations or knock down rebuilds).

Congratulations, your home is ready to move in!

1	2	3	4	5
Apply for conditional pre-approval	**Choose a builder**	**Finalise your Construction Loan**	**Stages of construction and Progress Payments**	**Final inspection and move in**
☐ Make an appointment with a Home Lending Specialist at **commbank.com.au/appointment** or speak to your Broker, to help understand how much you can borrow and the Construction Loan process. ☐ Once you've received conditional pre-approval, it's time to start planning your construction.	☐ Find a reputable and qualified builder or architect and commence a building tender process. ☐ Once you've chosen a builder, they will put together a 'building contract'. This sets out the cost, specifications, terms of construction, build inclusions and a Progress Payment Schedule. ☐ Your builder or architect will submit your plans to council and get approval. Ask your friends, family or neighbors for recommendations on builders or architects to help you get started!	☐ Turn your conditional pre-approval into a formal application. ☐ We'll let you know all the necessary documents to gather (e.g. payslips, bank statements, building contract). ☐ We'll arrange an 'As if complete' valuation – this is to determine what the value of your property will be once construction is complete. ☐ We'll let you know if your Construction Loan is approved, any conditions that may apply and provide your loan offer documents. ☐ Once your loan is formally approved and you're happy with your building contract, you can pay a deposit to your builder (typically 5% of your building contract price depending on your state/territory).	☐ You can start building once you receive a Commencement letter from us. Construction must commence within 12 months from the disclosure date on your loan contract. ☐ As each stage of your construction is completed, your builder will provide you with an invoice. Once you're satisfied that the work has been completed as invoiced, write 'I authorise payment of this invoice' and sign the invoice. This must be in line with your loan method of operation i.e. either to operate or all must sign. Forward it to your Home Lending Specialist or Broker who will arrange for your builder to be paid. ☐ If you are contributing any money out of your own pocket toward the construction, this must be used first before we make any Progress Payments from your Construction Loan. **Please note:** • If you make any variations to your building contract along the way, please ensure these are provided to your Home Lending Specialist or Broker promptly. • While your loan is progressively drawn you are required to make interest accrued payments on any drawn loan amount. These are due on the 15th of each month. • A **Progressive Drawing Fee** applies for each Progress Payment request made, these fees will be capitalised (added) to your home loan once the final payment has been made. If you make any variations to your building contract along the way, please ensure these are provided to your Home Lending Specialist or Broker promptly.	☐ Send us the final Progress Payment request and we'll arrange for a final inspection to check construction has been satisfactorily completed in accordance to the approved building plan. ☐ We'll make the final Progress Payment to your builder. Your Construction Loan will convert to your chosen loan and repayment type (Principal and Interest or Interest Only) that you selected at origination. Your contracted loan term will start from this date. You can check your home loan balance, transactions and when your next minimum required repayment is due in branch, or online in NetBank or the CommBank app.

Take a look at the next page to see what typical building stages look like.

Keep in mind that each construction journey is different. Your Home Lending Specialist or Broker is there to guide you through the above steps and help with anything specific to your situation.

For more information visit **commbank.com.au/constructionloans**

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Typical building stages.

Slab

During the first stage of construction, your foundation slab is measured and poured.

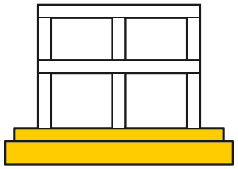
Approximately 15 – 20% of funds required (this may also include your initial deposit to your builder, which is typically 5% of your building contact price depending on your state/territory).



Frame

The exterior frame and/or walls of your property are put in place. This may also include support structures, conduits for electrical and plumbing as well as gutters and insulation.

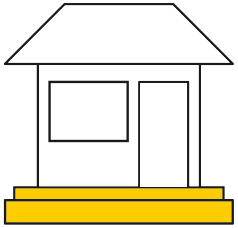
Approximately 20% of funds required.



Lock-Up

At this point remaining windows, doors, external walls and roofing is typically installed. This means you can actually 'lock up' your property.

Approximately 20% of funds required.



Fit Out

During the fit out stage, the internal fittings and fixtures are installed such as your lights, powerpoints and other electrical and plumbing fixtures.

Approximately 30% of funds required.



Completion

The final stage involves the conclusion of contracted items such as fencing and site clean-up. It's usually also when final detailing and painting is completed.

Approximately 10% of funds required.



Things you should know: This guide doesn't consider your individual objectives, financial situation or needs. Before basing any decisions on this information please:

- Consider its appropriateness to your circumstances.
- Consider obtaining professional advice specific to your needs, including financial, taxation and legal advice.

Loan applications are subject to credit approval and any loan offer includes full terms and conditions. Fees and charges apply – see our fees and charges brochure. All examples and scenarios are illustrative only. This guide is subject to change without notice. Commonwealth Bank of Australia ABN 48 123 123 124, AFSL & Australian credit licence number 234945.

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