

Your construction loan guide

Frequently asked questions

When should construction begin?

Construction of your home loan must commence within 3 months of the settlement of your loan and be completed within 24 months of the settlement date. For more details on your construction period please refer to your Loan Offer.

How many stages are there?

Generally, as per industry standards, there are 6 stages of construction:

First stage – This is usually when the deposit is first being paid to your builder.

Second stage – This is the beginning of your construction, when the foundation/slab is laid down.

Third stage – The frame stage is when the framework for your house goes up and the windows have been fixed in position.

Fourth stage – The lock up stage includes finishing of external walls, such as brick work or cladding, the final roof covering and fixing of house doors.

Fifth stage – The fixing stage is generally when most internal works, such as installation of walls, ceilings, bathrooms and kitchen cabinets are completed.

Final stage – Completion. This is the last stage of your construction and when everything is completed to make your home ready to move in to.

This is a guide only and payments are subject to our approval – always refer to your Building Schedule for full details of your construction progress payments.

What happens at the final stage of construction?

When the final stage of construction is complete, we'll deposit any surplus funds back into your loan account, if applicable.

The construction period for your loan is two years. Your loan will remain on Interest Only repayments until the end of the two years, unless you have been approved for a longer Interest Only period. If you'd like to switch to Principal and Interest repayments then please contact us.

Once the Interest Only period ends, your loan will convert to Principal and Interest repayments. Please refer to your Loan Offer for details on your construction period.

What happens if I need to change the building contract?

If anything changes to your building contract, please check with us first so we can assess if there is any impact to your Loan Agreement.

Can I pay extra repayments during the construction period?

During the construction period you are only required to repay your interest only repayments.

You can pay additional payments into your loan, and you can redraw these additional amounts even when your loan is in its construction period.

What do I need to do to request a progress payment?

1. Receive a copy of the invoice from your builder. If this is also your first or last payment, refer to the document guide on page 2 for any additional documents you may need.
2. All borrowers to sign the builder's tax invoice and note "I authorise payment of this invoice"

By completing this step, you:

- ▶ authorise the Lender to pay the amount directly (via funds transfer) to the builder noted on the tax invoice
- ▶ acknowledge that it's not the Lender's responsibility to ensure the building works completed are in accordance with your Building Agreement; and
- ▶ acknowledge that you have inspected the building works to date, have relied on your own enquiries and are satisfied with the workmanship and materials.

3. Email us the signed and authorised invoice and any other required documents at constructionpayments@macquarie.com



Please ensure that the email subject contains the words 'Progress payment' and your application reference number which is APP-123456 e.g. Progress payment APP-123456. Your application reference number can be found on your settlement email.

Once we've received all of your documents, we will process your request and pay the builder directly.

Document guide

Documents you need to provide at each stage

First Sub. Last

Signed and authorised builder's invoice

A copy of the invoice from your builder on the builder's letterhead showing:

- ▶ Your signature and the note "I authorise payment of this invoice"
- ▶ Description of work completed (see Progress Payment Schedule in your building contract)
- ▶ Your name(s) and address of the property under construction
- ▶ Amount to be paid and payment details (builder's BSB and account number)

Builder's insurance

A copy of the builder's indemnity insurance or warranty insurance certificate showing:

- ▶ Builder's registered name
- ▶ Address of property under construction
- ▶ Insurance commencement date, which must be prior to the start date of construction
- ▶ Cover is not less than the amount on the building contract

Builder's contract works insurance

A copy of the builder's contract works insurance showing:

- ▶ Builder's full name
- ▶ Insurance amount is not less than the amount on the building contract

For specific property cover, the address of the property under construction

For blanket/annual policy, cover relates to the state where dwelling is being built

Builder's public liability insurance

A copy of the builder's public liability insurance showing:

- ▶ Builder's full name
- ▶ Minimum amount of insurance is not less than \$2 million

For specific property cover, the address of the property under construction

For blanket/annual policy, insurance cover relates to the state where dwelling is being built

Council approved plans

A copy of council approved plans and specifications required

Insurance policy certificate

A current copy of your property insurance showing:

- ▶ Your names and address of the property
- ▶ Macquarie Bank Limited as the First Mortgagee

For strata properties, a copy of insurance policy is not required
