MANAGING YOUR CONSTRUCTION LOAN

Congratulations on the approval of your home loan. This document provides you with information on how your construction loan will be processed with the objective to make the process as easy as possible for you, our member.

STANDARD CONSTRUCTION LOAN KEY STAGES:

1	2	3	4	5	6
Deposit	Slab	Frame	Roof	Lock Up	Practical completion including valuation

YOUR APPLICATION REFERENCE NUMBER

You can locate your Application Number on the first page of your Loan Contract. Please quote this number in all your correspondence to help us process your loan efficiently.

PROCEEDS FROM YOUR APPROVED LOAN AMOUNT

The payments to the builder are listed as per the schedule of particulars in the building contract, any variations to the building contract and quotes for any additional work(s) provided to us before the approval of your home loan.

YOUR OWN FUNDS CONTRIBUTING TOWARDS CONSTRUCTION

Please note that if you are contributing your own funds towards the construction costs, this must be paid to the builder as per the construction schedule before BCU Bank can start processing the progress payment request from your approved construction loan.

YOUR CONSTRUCTION PERIOD

Your construction must commence within 6 months from your approval date and aim to be completed within 24 months.

PROCESSING YOUR BUILDER'S FIRST CLAIM

Please ensure that the council approval and course of construction insurance are submitted to BCU Bank by you or your builder along with a copy of the tax invoice for the first claim. You should also obtain the home indemnity insurance from your builder.

FIRST HOME OWNER GRANT (FHOG) PAYMENT

If you are eligible for a FHOG payment and have submitted your completed FHOG application for your loan, we will process your FHOG payment at the time of receipt of the progress payment request from you or your builder at the slab stage or later. BCU Bank must receive the FHOG funds from the Office of State Revenue before the part instalment to the builder can be made.

VALUATIONS

All BCU Bank construction loans require at least two valuations during the construction of your home. However, additional valuations may be required based on the size and type of your project. You and your builder must allow BCU Bank representatives to access the construction site at any time for matters relating to your loan. On receipt of each progress claim from you or your builder, we will assess if a valuation is required. Please ensure that the builder's invoice is sent to us immediately so that we can pay your claim within the due date specified in the invoice. Our anticipated turnaround time for claims processing is 7 working days where a valuation is required. If a valuation if not required claims are processed within an anticipated timeframe of 2 working days. We will contact the builder prior to paying a claim if we note any adverse findings on the Valuer's report (e.g. work not completed for a given stage of construction).

PAYMENT METHOD

Each progress payment request will be paid via Electronic Funds Transfer. Please allow 48 hours for funds to reach the builder's / vendor's account.

VARIATIONS

Once your loan has been approved, if there are any variations to the building contract or council approved plans that increases the overall construction loan amount, you may need to either borrow additional funds to cover the new variations (subject to approval) or alternatively, pay the builder from your own funds.

YOUR REPAYMENTS DURING CONSTRUCTION

During the construction of your home, only the interest amount for the outstanding balance of the construction loan is payable. The interest only amount will increase as the loan balance increases with subsequent progress payment instalments. We will set up a calculated repayment for the interest only amounts from your nominated account as per instructions on your Loan Repayment form and this interest only amount is payable on the 1st of each month. During this time, you are welcome to make additional repayments over and above the interest only payments. Please ensure that your nominated account has sufficient funds for the interest only repayment and that your interest payments are up to date.

YOUR REPAYMENTS AFTER COMPLETION

If your loan is a principal and interest loan, after the payment of your final claim, we will set up the minimum principal and interest repayment from your nominated account as per your Loan Repayment form. You are welcome to make additional repayments over and above this amount after completion of your construction. If your loan is an interest only type, the interest only repayments will continue after the completion of your property.

MORE INFORMATION

- Call us on **1300 228 228**
- Visit **bcu.com.au**
- Drop into **your local branch**
- Speak to your **Mortgage Broker**

Police & Nurses Limited (**BCU Bank**) ABN 69 087 651 876 AFSL/Australian Credit Licence 240701. PO Box 1563, Coffs Harbour, NSW 2450.