



Building your home

Your HomeBuild Access loan has now been approved and you have signed all the required loan documents and building contracts.

House and land packages, land purchase and construction

When you are purchasing a house and land package or land to build a home on, the first step of the process will be to purchase the land.

You will need to engage a conveyancer or solicitor to act on your behalf for the land purchase settlement.

Keeping in mind you won't have access to government grant funds for the purchase of the land, the money required to complete the purchase of your land will come from your HomeBuild Access Low Deposit Loan or Subsidised Interest Rate Loan and surplus funds from your Fee Assistance Loan (available to Subsidised Interest Rate Loan applicants only) depending on which HomeBuild Access loan product you have.

Loan repayments

Once you have used any of your loan funds, you will be required to start making payments to the loan. Until the loan is fully drawn and the construction of your home is completed, your repayments will be interest only. This means that you will only be required to pay the cost of the interest when it is charged to your loan account. Interest is charged to your loan on the last day of every month, so your interest only payment would need to be paid within seven days of the interest being charged.

When your loan is fully drawn, it will convert to a credit foncier loan (principal and interest payments). Your repayment level will be calculated on the balance of your loan, at the current interest rate, over what is remaining of the original term of loan. For example, if your land purchase and home construction takes 12 months to complete, your repayments would be based on a remaining term of 29 years (maximum term 30 years, less one year).

Variations

A variation on the original approval given to you is when you decide to vary the design, specifications or any other part of the land / construction plans and prices from those you originally provided to People's Choice Credit Union ("People's Choice"). This is outlined in the **Construction loan fact sheet**.

If the variation occurs before the final approval for your loan has been given by People's Choice, you will be required to provide all the information regarding the construction / land again based on the proposed changes. People's Choice will then re-assess your loan needs and may need to get another valuation completed.

If you make any changes to the original approved designs, specifications and/or costs after you have signed your home loan credit contract, you will be required to get approval from the Chief Executive Officer (Housing) before proceeding with the changes. This is because the changes may have an impact on the value of the property and costs, which could take it outside of the purchase price eligibility criteria for HomeBuild Access or change your home loan needs.

You are not able to make any variations of the original approved designs, specifications and/or costs after any HomeBuild Access loan funds have been drawn.

You should be aware that even small changes to the original specifications is a variation. This can be for minor changes like selecting a higher priced tile, changing taps or adding shelves. While these small changes may be approved by Chief Executive Officer (Housing), any additional cost to the original building contract cost will need to be paid by you.

Access to loan funds

Before any loan funds are advanced towards the land purchase, the following documents are required by People's Choice:

- exchanged copy of the Contract of Sale for the land;
- fixed price building contract, signed by all parties;
- progress payment schedule (in building contract); and
- schedule of specifications.

Before any loan funds are advanced towards the house construction, the following documents are required by People's Choice:

- approved building plans;
- Permit to Build; and
- current Builder's Risk Insurance Policy covering the works being undertaken under the contract.

Your own savings, home loan, Fee Assistance Loan (if applicable) and government grant funds will be used progressively through the land purchase and construction process. Initially your own deposit and any surplus funds from the Fee Assistance Loan will be used. Then the grant funds will be used when they become available

Progress payments

As your builder completes sections of the work in constructing your home, they will submit an invoice for a progress claim. This claim will be for the work they have completed, not work that is still being done.

When a progress payment claim is made by the builder, they will provide you an invoice, or send the invoice direct to People's Choice. People's Choice will require you to confirm that you are happy with the claim being made and for the builder to be paid. If you are not happy for this payment to be made, you should advise People's Choice of this and discuss your concerns with them.

The first claim made by builders for a construction is usually at the completion of slab works / installation of stumping. This is also the claim where any government grants can usually be claimed and paid out.

As each progress payment is made, People's Choice will ensure that there are enough loan funds left to cover the remaining cost of the construction of the property.

Final payment

When all the construction work is completed, the builder will submit a final invoice. A final inspection will be completed by the Valuer-General or approved valuer to confirm that all works included in the contract have been completed.

Before the final invoice is paid, and following your approval to pay, the following additional documents must be provided by you and/or the builder before the last amount of money is paid out:

- a copy of the Permit to Occupy or Builders Declaration (depending on the property's location and building control requirements);
- Pool Registration Certificate (if applicable); and
- full replacement insurance for the property's dwelling; and improvements, with the Chief Executive Officer (Housing) noted as an interested party.

More information

For more information you can call 08 8943 3319 or follow the link <https://peopleschoicecu.com.au/locator/hla-locator/> and you will be referred to a specialist within People's Choice who will assist with your enquiry.

Disclaimer: Whilst the Chief Executive Officer (Housing) has made every effort to ensure the accuracy of information in this fact sheet, no warranty is given that that the information in this document is free from errors or omissions and that it is suitable for your circumstances. The information in this document is subject to change without notice to you and has been prepared without taking into account your particular financial situation, requirements and objectives or needs. You should seek independent legal and financial advice before considering whether to act or rely upon the information in this document.

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