



Construction requirements

Your loan has now been approved in principle and you have decided to build your home. Constructing your home can be an exciting process. However, there is a lot to be aware of when the time comes to make that final decision.

You may wish to also read the Consumer Guide to Building and Renovating in the NT available through the Department of Lands Planning and the Environment: www.lands.nt.gov.au/building/building-and-renovating

When constructing your home, the total cost of the land and the building of your home, including any additions you request from the builder, must not exceed the HomeBuild Access purchase price limits or the maximum purchase price available to you as set out in your Approval in Principle letter.

There are two options available to you when building a brand new home through HomeBuild Access.

House and land packages

House and land packages are generally offered by developers, in conjunction with selected builders, in new subdivisions. This option will include buying a block of land and then selecting a house design suitable for the block from the builder.

In most cases, the cost of the house and land package includes buying the land, building the house and all other costs associated with building a house such as engineering and legal fees, having plans drawn and building inspections.

Land purchase/ownership and construction

This option is where you purchase or already own a vacant block of land and then select the builder and house design separately. You will need to ensure that your building contract includes all other costs associated with building a house such as engineering and legal fees, having plans drawn and building inspections.

Construction and design requirements

There are a number of requirements when you are using a HomeBuild Access loan to build a house.

- All works and practices in relation to the construction must be completed:
 - in line with the *Northern Territory Building Act*
 - under a single Fixed Price Building Contract
 - by a Northern Territory licensed builder. You must not complete any of the works as a sub-contractor or an owner/builder.
- The completed dwelling must be lawfully able to be used as a residence and be suitable as a place of residence. That is, a Class 1(a) building under the *Northern Territory Building Act*.
- All required inspections and certificates must be issued in line with the *Northern Territory Building Act* as defined for the location of the property.
- Construction of the dwelling must be completed within 12 months of the date of the loan contract.

- The value of the dwelling must be at least 30% of the total value of the house and land value, excluding ancillary improvements such as bores, pumps, fencing.
- Land area of the property cannot be larger than 10 hectares (25 acres).
- The property must have a water supply (town water, water tank or bore) and town electricity supply.
- No portion of the land or improvements can be used for commercial purposes, excluding the use of a single room within the house as a home office.
- Bathroom facilities must be separated by properly lined floor to ceiling walls from the other living areas.

Kitset homes, demountable and transportable homes

If you are purchasing a kitset, transportable or demountable home, you will generally be required to pay a substantial deposit before the home is built. In some cases, the entire cost of the home, including delivery costs, must be paid before the home is moved to your land.

HomeBuild Access will not provide any loan funds to pay deposits or any part of the cost of the home or its delivery prior to it being permanently placed on your land.

You will also not be able to access funding through the First Home Owner Grant until construction has started; when the foundations have been laid and progress payments (excluding the deposit) of at least the amount of the First Home Owners Grant has been paid to the builder.

Construction on a rural block

If you choose to purchase a rural block to build your home on, there are some extra points you need to take into account when looking for a builder.

The rural block you choose may not have town water supply or town power supply. This means you have to include installing water tanks and/or a bore with pump and connecting the house to the power supply in your building contract. This work will have to be completed by the builder or one of their sub-contractors and all costs associated with it included in the overall price of construction and in the single Fixed Price Building Contract.

Building in the rural area can also include higher costs for delivering supplies to the block and travel time for the builders and contractors. This can increase the cost to build and you should ensure these costs are included.

The construction requirements for a house on a rural block are the same as for all other constructed houses.

Building contract

The Chief Executive Officer (Housing) recommends the use of the Master Builders Northern Territory Building Contract or the Housing Industry Association (HIA) Building Contract.

The building contract can not include any more than six progress payments within the progress payment schedule.

Once the required documents listed below have been received by People's Choice Credit Union ("People's Choice"), your loan application will have a final assessment completed. If everything is satisfactory, a final approval will be issued and loan documents will be prepared for you to sign.

If, for any reason, at this point in the loan process, you decide to change anything in relation to your construction loan, including adding extras to the home or changing builders, you must advise People's Choice immediately and provide up to date documents covering the changes. The changes must still meet the requirements as set out above and your loan approval will need to be reassessed.

What do you need to provide if you are building?

Once you have selected your block of land and house design, you need to provide People's Choice with the following documents:

- a copy of the land contract of sale
- a copy of the building plans for the house
- a schedule of building specifications
- a quote from your chosen builder covering all works being completed.

Estimates cannot be accepted and work must not be completed by you as the owner.

What happens next?

Once you provide the required documents, an 'on completion' valuation will be requested through an approved valuer. The on completion valuation is what the property is expected to be worth under the current market values once the house is fully constructed, based on the land cost, building plans, specifications and construction cost.

If the valuation is considered to meet HomeBuild Access requirements, you will then need to enter into a building contract with your selected builder if you haven't already done so.

As the final approval has not been provided for your loan, you must ensure the building contract is conditional on finance approval.

More information

For more information you can call 08 8943 3319 then you will be referred to a specialist within People's Choice Credit Union who will contact you to discuss your questions and 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 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.

People's Choice Credit Union, a trading name of Australian Central Credit Union Limited ABN 11 087 651 125 ("People's Choice") acts under its own Australian Financial Services Licence (AFSL 244310) and Australian Credit Licence (ACL 244310).