



Construction loans. The lowdown on building from the ground up.

A construction loan can be used whenever you're planning to build – whether it's buying land and building a new home, building on land you already own, or renovating your current home.

You can use ME's Flexible Home Loan as a construction loan, and borrow up to 95% of the completed property value.

How it works.

A construction loan is funded in portions (called 'progress payments') to cover the costs of building each stage of your home. ME sends payments to your builder as each stage of work is completed.

Progress payments.

Your builder will give you a building contract and a progress payment schedule that outlines each stage of construction. Progress payments usually happen in five or six stages:

- Deposit** Paid after land settlement, before construction begins.
- Base** Paid after the foundation slab is poured.
- Frame** Paid after the exterior frame or walls are in place.
- Lock up** Paid after the roof, external doors and windows are in place.
- Fit-out** Paid after internal fittings and fixtures are installed.
- Completion** Paid after the contracted build is completed.

Your builder will give you an invoice after each stage is completed. Just send it to progresspayments@mebank.com.au, along with a completed payment request form (they're included in this pack) and we'll pay your builder.

We'll do a valuation before making the first and final payments. We might also perform other valuations or inspections after the other construction stages, just to check everything's still on track.

A progress payment fee is applicable for each progress payment made. The fee will be applied to your loan each time we pay your builder.

The paper trail.

There are a few documents you'll need to give us before we make the first and the final progress payments. You'll find a full list over the page.

Your repayments.

While construction's in progress, your repayments will be interest-only. They'll gradually increase as your build progresses because your loan balance will be going up as we pay more funds to your builder.

Loan under construction.

Keep in mind, while construction is underway you won't be able to fix your loan or pay off any of the loan principal – but you can put extra money into a linked Everyday Transaction Account to offset the interest charged.

Once construction's done, the loan will be fully funded and you'll be able to fix the interest rate, make redraws, and start making principal and interest repayments.

Keep us in the loop.

You need to let us know right away if there are any changes to your building contract or council approved plans. Keep in mind that changes may cause delays as we'll need to reassess your loan.

Hang on to this document while construction's underway – you might find it handy to refer to.

What you need.

You'll need to gather some documents before we can make your first progress payment. And you'll also need to send us a few more down the track before the final progress payment can be made.

The paperwork varies a little depending on where you're building:

State	First progress payment	Final progress payment
ACT	<input type="checkbox"/> Council-approved plans <input type="checkbox"/> Fully executed building contract <input type="checkbox"/> Builder's all risk insurance <input type="checkbox"/> Home warranty insurance <input type="checkbox"/> Owner-builder licence and costing (if owner-builder)	<input type="checkbox"/> Certificate of occupancy <input type="checkbox"/> Certificate of insurance (noting ME as interested party)
NSW	<input type="checkbox"/> Council approved plans <input type="checkbox"/> Fully executed and signed building contract <input type="checkbox"/> Builder's all risk insurance <input type="checkbox"/> Owner-builder permit (if owner-builder)	<input type="checkbox"/> Council completion certificate (can be from the local authority or building certifier) <input type="checkbox"/> Certificate of insurance (noting ME as interested party)
QLD	<input type="checkbox"/> Council-approved plans <input type="checkbox"/> Fully executed and signed building contract <input type="checkbox"/> Builder's all risk insurance <input type="checkbox"/> Owner-builder permit (if owner-builder)	<input type="checkbox"/> Council completion certificate (can be from the local authority or building certifier) <input type="checkbox"/> Certificate of insurance (noting ME as interested party)
SA	<input type="checkbox"/> Council approvals for development <input type="checkbox"/> Builder's all risk insurance <input type="checkbox"/> Housing guarantee certificate <input type="checkbox"/> Building plans, fixed-price contract and specs	<input type="checkbox"/> Final valuation to confirm completion (no completion certificate issued) <input type="checkbox"/> Certificate of insurance (noting ME as interested party)
NT	<input type="checkbox"/> Stamped plans (no approval letter needed) <input type="checkbox"/> Builder's all risk insurance <input type="checkbox"/> Housing guarantee certificate <input type="checkbox"/> Building plans, fixed-price contract and specs	<input type="checkbox"/> Certificate of occupancy <input type="checkbox"/> Certificate of insurance (noting ME as interested party)
TAS	<input type="checkbox"/> Council-approved plans <input type="checkbox"/> Building permit <input type="checkbox"/> Fully executed and signed building contract and specifications <input type="checkbox"/> Builder's all risk insurance <input type="checkbox"/> Full costing and insurance (if owner-builder)	<input type="checkbox"/> Certificate of occupancy (new) <input type="checkbox"/> Certificate of completion (extension) <input type="checkbox"/> Certificate of insurance (noting ME as interested party)
VIC	<input type="checkbox"/> Council-approved plans <input type="checkbox"/> Building permit <input type="checkbox"/> Fully executed and signed building contract and specifications <input type="checkbox"/> Builder's all risk insurance <input type="checkbox"/> Full costing and insurance (if owner-builder)	<input type="checkbox"/> Certificate of occupancy (new) <input type="checkbox"/> Certificate of completion (extension) <input type="checkbox"/> Certificate of insurance (noting ME as interested party)
WA	<input type="checkbox"/> Form BA4 building permit <input type="checkbox"/> Approved plans <input type="checkbox"/> Fully executed and signed building contract <input type="checkbox"/> Builder's all risk insurance <input type="checkbox"/> Full costing (if owner-builder)	<input type="checkbox"/> Final valuation to confirm completion (no completion certificate issued) <input type="checkbox"/> Certificate of insurance (noting ME as interested party)