

A Virgin Money construction loan can be used for:

- Building a house on land that you already own; or
- Purchasing vacant land and construction (Home & Land Package); or
- Carrying out major renovations for owner occupied property.

A construction loan allows you to pay your builder in progress payments at each major stage of construction.

The first step is to find a reputable and licenced builder. They will draw up a fixed price building contract which will include the cost and conditions regarding construction. The builder will also provide you with a progress payment schedule, which will detail the stages that payments will need to be made (subject to the relevant state/territory laws and under standard contract terms by the Housing Industry Association or Master Builders Association)

APPLICATION¹

With your application for a construction loan, you will need to provide the following documents (in addition to the supporting documents required for a home loan):

- Signed and dated Fixed Price Builders' Contract – the schedule of payments in the contract must be in accordance with the relevant state/territory laws and under standard contract terms by the Housing Industry Association or Master Builders Association;
- Progress payment schedule as set out in the Fixed Price Builders' Contract;
- Copy of council approved plans and building specifications for your construction;
- Quotes of any work not included in the builders fixed price contract but may be needed for the valuation e.g. landscaping
- Copy of the builder's registration/certification documentation;
- Copy of the builders' insurance policy with BOQ's interest noted for the property being constructed.

If you are eligible for the First Home Owner's Grant (FHOG), you will need to submit the FHOG application at the same time you apply for the loan.

PROGRESS PAYMENTS

Progress Payments are made directly to the Builder. Any of your own funds are to be fully used before the first progress drawing is made from the home loan. Please note, that the first drawing must occur within 6 months of the disclosure date in the loan contract. Release of borrower equity is not permitted until after the final payment has been made to the builder. To ensure payments to your Builder are made without delay please refer to the below table for the documentation required at each stage of your build.

Stage	Documentation Required
Base Stage/Deposit Stage	<ol style="list-style-type: none"> 1. Progress Payment Authority Form 2. Builders tax Invoice 3. Builders Risk Insurance 4. Building Contract – Payment Schedule 5. Receipt for any payments you've made directly to the builder. <p>Please note if items 3-5 have already been provided to us they are not required again</p>
Frame Stage to Fixing Stage	<ul style="list-style-type: none"> • Progress Payment Authority Form • Builders Tax Invoice
Final Stage	<ul style="list-style-type: none"> • Progress Payment Authority Form • Builders tax Invoice • Statement of Compliance (SA Only) • Certificate of Compliance or Council final Inspection (All other States excluding WA) • Certificate of Currency provided including: <ul style="list-style-type: none"> - Virgin Money noted as the interested party - Sum Insured - as determined by your initial valuation report (when your loan application was assessed). We'll advise you of this amount.

GENERAL HOUSEKEEPING

- Submit your requests for a Progress Payment to service@virginmoney.com.au including the following in the Subject Line of the request:
 - Customer Name
 - Account Number
 - Build Stage - Base/Deposit/Frame/Fixing/Final
- Payments - Once all the required documentation has been received, allow the following timeframes for payments to the builder.
 - Base to Fixing Stage - Allow up to 5 working days
 - Final Stage - Allow up to 10 working days

Where the building contract is for multiple dwellings &/or the total construction cost exceeds \$1m then a valuation will be required at each stage of the build. In order for the valuation to be ordered a Valuation Request form will need to be submitted

- Where you are eligible for the First Home Owners Grant (FHOG), due to the provisions of the grant by the Office of State Revenue, the grant will not be paid until the first payment (Slab Stage) has been made to the builder. Once received, the FHOG will be paid into your Companion Account.

NOTIFICATIONS

We'll keep you up to date throughout the process:

- We'll confirm that your Progress Payment request has been received
- We'll let you know when the Documentation provided is insufficient
- We'll also confirm when the Payment has been completed

REPAYMENTS

You'll be required to make interest only payments for the period of your construction. You will only pay interest on the amount that you have actually drawn. After the final draw down, your loan will revert to the variable rate you selected in your original loan application.

VELOCITY POINTS²

You will receive 10,000 Velocity Points for every \$100,000 borrowed and Points will be allocated after the first drawing of your loan (1,000 Points allocated for every full \$10,000 drawn). You will continue to earn a further 1,000 Velocity Points every month per loan account and 30,000 anniversary Points every 3 years you are a continuous Reward me Home Loan customer when your loan balance remains above \$50,000 (net of any balance held in an offset account).

QUESTIONS?

If you need assistance regarding a progress payment please contact us via email at service@virginmoney.com.au or give us a call on 13 81 51, option 1, then 2.

Disclaimer:

1. Lending criteria, fees, terms and conditions apply. All applications for credit are subject to Bank of Queensland credit approval criteria. Virgin Money (Australia) Pty Limited ABN 75 103 478 897 promotes and distributes construction loans as a credit representative of the issuer and credit provider, Bank of Queensland Limited ABN 32 009 656 740 Australian Credit Licence/AFSL 244 616 (the 'Lender').
2. To earn and redeem Velocity Points, you must be a Velocity member. Velocity membership and Points earn and redemption are subject to the member Terms and Conditions, available at www.velocityfrequentflyer.com, as amended from time to time. Only the person listed as the Primary Borrower on the application will be eligible for Velocity Points, subject to meeting our eligibility criteria.