

essentials

need to know info about:

Finance – Land & Construction



Getting the right finance for your property can be tricky and in particular financing land and construction of or a house and land package can harbour many pitfalls for the unwary and provide some nasty surprises for the uninformed.

At Great Aussie Dream we're experts at finding exactly the right finance for your land and construction and in this "essentials" guide we'll touch on a few topics to help you through this tricky area. In particular how we can help you find a great deal from dozens of lenders and hundreds of home loan, and of course help take away the stress and anxiety and maximise the benefits and excitement of building a McDonald Jones Home.

Deposit Requirements

The Deposit you need and when you need to pay will depend on whether you're buying a House and Land Package or buying land separately and constructing the McDonald Jones home of your choice.

For land purchases, a deposit of up to 10% of the land price to exchange contracts will be required, but this varies. McDonald Jones ask for a 5% deposit when signing your Building Contract. For a House/Land package a 5% or 10% deposit will usually be required. We can help you to figure all of this out and even provide a Deposit Bond if your funds are tied up.

Loan Approval for Unregistered Land

If you're purchasing unregistered land, you need to be careful as some lenders won't approve a loan until the land is ready to build on. We only deal with banks and lenders that will approve finance without conditions even if land registration is not due for up to 6 months.

Land Now, Construction Later

When you consider finance for your land purchase, it is good to have an idea of what your building budget is. That way a pre-approval for your construction loan can be submitted with your land loan, giving you piece of mind and avoiding any issues and disappointments down the track. This also prevents unnecessary credit enquiries which can damage your credit rating and create problems getting finance approved.

One Loan or Two

It is desirable to secure both land and construction finance up front because you have certainty that your new home is fully funded and the approval for your construction finance doesn't expire once the land settles. Sometimes though, two separate loans/splits are required depending upon your situation and the credit policy of the lender as some will withhold the construction funds even if you are relying on the First Home Owners Grant to pay your builders deposit



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How Do I Pay the Builder?

Payments to the builder is made up of your initial deposit, and then "Construction Drawdowns" which are paid at nominated stages throughout the construction phase, for example once the concrete slab has been laid.

During construction you will only accrue interest on the loan funds that have been drawn down and loan repayments equivalent to interest only are payable each month. The land loan will settle before the construction payments begin and payments will be required for this from settlement.

Documents Required To Support Your Loan Application

Whilst lender requirements vary, the following documents are commonly required by most lenders

- Two most recent Payslips
- Last Credit Card Statement(s)
- Centrelink Statement (detailing family payments)
- ID – Driver Licence & Medicare Card
- PAYG Summary (Group Certificate)
- 6 Months Savings Statements
- 3 Months Personal Loan Statements
- Full Birth Certificate & Marriage Certificate (if claiming the First Home Owners Grant)

About Great Aussie Dream

Great Aussie Dream is a multi award winning Mortgage Brokerage. The key to our success is working with our clients to package their borrowing to meet their needs, goals and objectives.

Great Aussie Dream has access to dozens of Lenders, including all the major Banks and Financial Institutions. Our knowledge of lender credit policies and policies of the Mortgage Insurers ensures that our clients are in the best possible position when they apply for a loan.

At Great Aussie Dream we believe that the best way to grow our business is to put our clients first. Now I know that lots of people claim to do this but we actually do. In fact, putting our clients first is so successful that 99% of our new business comes from either repeat business or referrals from our existing clients.

We are also recognised as leaders in our Industry, winning multiple National Industry Awards including, Mortgage Broking Business of the in 2010, 2011, 2012 and 2014 and Best Customer Service in 2008.

At Great Aussie Dream we are constantly striving to bring the best possible service and the best products to our clients. And because we want our clients to be our clients for life, we take a long term approach to their future goals and aspirations. So... our clients tell us we're the best, and our Industry has voted us the best. Why then would you trust your finance to anyone else?

Call us now for a free, no obligation chat.

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