



# Construction Lending

## Here's what you need to know

### Deposit

- Under 20% deposit? No problem - construction lending has a different set of rules and requirements to standard existing residential property lending.
- New Builds are exempt from the Reserve Bank NZ 'loan-to-value ratios' (LVR) policy for owner occupiers and Investors.

### Did you know?

- Currently some banks have special discounted interest rates for building projects.
- Longer pre-approval times for a new build.
- First home buyer grant up to 10k per person for a new build, rather than 5k for an existing home.

### Bank Requirements

- A registered valuation will be required for New Build lending (maybe more than one throughout the process). If you can get a 'fixed price' building contract one is required during the build and one at completion. If it's a 'labour only' contract, you may need to get multiple at each stage.
- When processing your loan, we will need to factor in a contingency for cost overruns, this is calculated as a % of all build costs up to 20% (bank dependent).
- Council consents will be required for the build. Builder's 'all risk' insurance certificate will be required from the builder.
- A full builder's contract will be required showing costings for each stage of the build.
- If labour only, full costings and quotes for building materials, labour, plumbing, electrics will be required.
- At the end of the build, a Code Compliance Certificate will be required.

### What will your repayments be?

Loan \$,000	300	400	500	600	700	50
6.00%	1,799	2,398	2,998	3,597	4,197	300
6.25%	1,847	2,463	3,079	3,694	4,310	308
6.50%	1,896	2,528	3,160	3,792	4,424	316
6.75%	1,946	2,594	3,243	3,892	4,540	324
7.00%	1,996	2,661	3,327	3,992	4,657	333
7.25%	2,047	2,729	3,411	4,093	4,775	341
7.50%	2,098	2,797	3,496	4,195	4,895	350
7.75%	2,149	2,866	3,582	4,298	5,015	358

Consider the change to your monthly repayment when the loan increases by 50K

\*Minimum monthly repayments above based on interest rate over a 30-year documented loan term (subject to change).



**Natalie Sara**  
Residential & Commercial Mortgage Adviser  
022 164 1566 | natalie@vegaland.co.nz



**Lyn Wickham**  
Residential & Lifestyle Sales  
027 267 5813 | lyn.wickham@bayleys.co.nz