



# Construction Lending

## Here's what you need to know

### Deposit

- Under 20% Deposit, No problem construction lending has a different set of rules & requirements to standard existing residential property lending.
- New Builds are exempt from the Reserve Bank NZ (LVR) Loan to value ratios 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.

### Bank Requirements

- A registered valuation will be required for New Build lending (may be more than one throughout the process), if you can get a Fixed price Building contract one is required during the build & one at completion, if 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. Builders all risk insurance certificate will be required from the builder.
- A full builders 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 of compliance certificate will be required.

### What will your repayments be?

Loan \$,000	300	400	500	600	700	50
4.25%	1,476	1,968	2,460	2,952	3,444	246
4.50%	1,520	2,027	2,533	3,040	3,547	253
4.75%	1,565	2,087	2,608	3,130	3,652	261
5.00%	1,610	2,147	2,684	3,221	3,758	268
5.25%	1,657	2,209	2,761	3,313	3,865	276
5.50%	1,703	2,271	2,839	3,407	3,975	284
5.75%	1,751	2,334	2,918	3,501	4,085	292
6.00%	1,799	2,398	2,998	3,597	4,197	300

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).



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