

Progress Payments

All you need to know about progress payments

WHAT IS A PROGRESS PAYMENT?

A Progress Payment is a payment that is made to the borrowers' (you/your) builder at each stage of the construction process, or a payment made to a contractor or supplier when an invoice is to be paid during a renovation.

WHAT IS THE CONSTRUCTION PROCESS?

The construction process can vary slightly between states and builders, and also if you are an owner builder.

Generally there are 6 main stages to the construction process.

Deposit Stage	The amount to be paid by the owner to the builder
Base or Slab Stage	The stage of the works when the concrete footings, base brickwork and/or stumps are complete
Frame Stage	The stage of the works when the building's frame is complete
Lock-up or Enclosed Stage	The stage of the works when all roofing, brickwork, cladding, structural flooring, external windows and external doors are fitted and complete.
Fixing Stage	The stage of the works when all internal fixings are complete, such as: walls, plaster, architraves, skirtings, doors, baths, showers, wet area tiling, built in shelves, cabinets and cupboards, plumbing and electrical.
Practical Completion	When all work is completed in compliance with the contract, plans and specifications.

HOW DOES AN INVOICE GET PAID?

Any invoices that are provided to you for payment during construction or renovation should be forwarded to Auswide Bank (we/us/our) as soon as possible. Our Lending Services team will draw down your loan account to obtain available funds and pay your builder, contractor or supplier. Once the payment is made we will send a remittance advice to the payee to advise them that payment has been made.

HOW DO I PROVIDE AUSWIDE BANK WITH MY INVOICES?

It is preferred that all invoices are emailed or faxed to our Lending Services team for payment.

Email: settlements@auswidebank.com.au

Fax: 07 4152 3299

We require that all invoices are **signed by all borrowers** to authorise us to make the payment and that the invoice contains all of the following information:

- > Date
- > Tax Invoice Number
- > Address of property
- > Company Letterhead or Logo and Address
- > Client Name
- > Amount Due
- > Bank Details
- > Stage Payable or Works Complete

If you are constructing a new house, for the invoice to be acceptable it must match the payment breakdown detailed in the contract. By signing the invoice and authorising us to make the payment you are also confirming that the stage is completed as defined in the contract.

BORROWERS' CONTRIBUTION

The borrowers' contribution is any amount that you need to contribute towards the construction or renovation that isn't covered in the loan. Any borrowers' contribution is to be paid to the builder before any loan funds can be released and progress payments paid.

	Loan Amount
LESS	Amount funded to date
LESS	Cost to Build
LESS	Fees Funded
	Borrowers Contribution

Loan amount: is the Total Approved Loan Amount.

Amount funded to date: Land Purchase if applicable.

Cost to Build: Contract Price + any other quotes being funded

Fees Funded: Lenders Mortgage Insurance, Mortgage Repayment Insurance, Application or Package Fees, any other fees being funded.

Borrowers' Contribution: can be made up of your savings, deposits paid, gifted funds and/or any government grants. (FHOG).

FIRST HOME OWNERS GRANT (FHOG)

If you are eligible for FHOG, the funds will not be available until the Base Stage. The First Home Owners Grant (FHOG) cannot be used towards the builders deposit unless an agreement has been made with your builder to receive payment of the deposit at Base stage, and you advise us of this.

When we receive the funds for FHOG at Base Stage we will pay your builder the amount invoiced which will cover both the Deposit and Base stages.

If you are not using all of your FHOG funds towards the build of your home, the balance will be deposited to your nominated account at Base Stage.

ARE THERE ANY OTHER REQUIREMENTS?

Other than the signed invoice, each stage has other requirements that need to be met prior to each progress payment.

Please see below requirements of each stage:

Deposit Stage	<ul style="list-style-type: none">> Signed Tax Invoice> Current Builders Construction Works Insurance> Account details for any balance FHOG funds, if applicable
Base or Slab Stage	<ul style="list-style-type: none">> Signed Tax Invoice> Current Builders Construction Works Insurance
Frame Stage	<ul style="list-style-type: none">> Signed Tax Invoice> Current Builders Construction Works Insurance
Lock-up or Enclosed Stage	<ul style="list-style-type: none">> Signed Tax Invoice> Current Builders Construction Works Insurance> Satisfactory Inspection Report
Fixing Stage	<ul style="list-style-type: none">> Signed Tax Invoice> Current Builders Construction Works Insurance
Practical Completion	<ul style="list-style-type: none">> Signed Tax Invoice> Copy of all variations> Receipts for any variations paid by you, not covered by your loan> Satisfactory Inspection Report> Form 21 Council Final (QLD), Certificate of Occupancy (VIC & NSW), Statement of Compliance (SA)> Building Insurance as per special conditions of your loan contract> Instructions for any balance funds



HOW ARE INSPECTIONS ORDERED?

Inspections will be ordered by us once we receive the invoice for the respective stage – so you don't have to do anything here!

WHAT IS BUILDERS CONSTRUCTION WORKS INSURANCE?

The Builders Construction Works Insurance is the insurance that covers the property for fire, thefts and damage during construction until the property is formally handed over to you on completion. We only need to be provided the Certificate of Currency (COC) for Builders Construction Works prior to the first progress payment, however if the COC expires during the construction period the new certificate will need to be provided to us prior to the next payment being made.

HOW CAN I USE MY BALANCE FUNDS?

Balance funds can either be deposited into an account nominated by you or put into advance on your loan account.

For more information on progress payments, visit www.auswidebank.com.au

Please Note: Payments will only be released to your builder if your loan account is not in arrears. If your loan is in arrears, payment will be made as soon as you advise your account has been brought up to date. Auswide Bank, a division of MyState Bank Limited ABN 89 067 729 195 AFSL & Australian Credit Licence 240896 is the credit issuer. This is not an offer to lend - credit assessment criteria, terms, conditions, fees and charges apply.