

Construction Loan

Construction Loans for House and Land Packages

Here at Australian Finance Centre, we understand that building your home can be frustrating and complicated. If you're building a new home or planning major renovations to your existing home, a construction loan is generally the most appropriate funding option.

The difference between a construction loan and a standard home loan is that instead of a lump sum payment at agreement signoff, the loan is usually drawn down in stages.

Payments (or draw downs) coincide with the initial purchase of the land followed by a number of key construction stages.

Interest payments

This type of loan is ideal for building, as you only pay interest on the amount you draw down. For instance, if you have borrowed \$250,000 for a house and land package, but have only drawn down \$100,000 to pay for the land, you only pay interest on the \$100,000 not the full amount.

Process

Before building starts, you will need to pay a deposit to your builder as well as paying a deposit for the land if you are buying land. As work progresses you will need to make payments to the builder. Certain loans can be structured for progress payments to be made during construction.

If you would more information on any of the above products or services, please do not hesitate to contact Australian Finance Centre.