

Building your first home, a step-by-step guide.

RAMS understands the difference between buying a home and building from the ground up. This guide explains the steps to help you build your dream home.



FIRST MEETING

The first discussion with your RAMS Home Loan Specialist will focus on your needs, objectives and financial situation, so they can help find a home loan that's right for you.



APPLICATION (PRE-APPROVAL)

To find out how much you can borrow, your Home Loan Specialist will ask you to provide personal information, including ID and details of your financial position to assist with the application. They'll also discuss your eligibility for government grants or concessions.² You could then be issued with a pre-approval based on your borrowing capacity.¹

It's important to note that your borrowing capacity will need to cover both the land purchase price plus any government and legal fees and charges that may apply, as well as the construction costs.



SELECTING YOUR BUILDER

Once you have found the right piece of land, the search then begins for a suitable licensed builder for your home. Builders offer many packages which have different inclusions and options, so it's important to check what is included and excluded in the contract with your builder. There may be additional costs outside of the contract which you will need to pay to complete the construction of your property. If you have a particular design in mind, you can also work with your builder on a customised home that meets your needs.

A 'completed' newly built home must have a driveway, floor coverings, window furnishings, fencing and landscaping, so keep these in mind when speaking to your builder.



VALUATION OF THE PROPOSAL

Your builder will supply you with your plans and specifications once you have come to a final agreement. Using these plans and specifications, along with the build contract and any variations to the contract, RAMS will conduct an 'on-completion' valuation to determine the total market value of the proposed project. If this valuation is consistent with the estimated construction cost, your application will progress to the next step.



APPROVAL (UNCONDITIONAL)

To receive unconditional approval, you'll need to provide your Home Loan specialist with the following:

- A copy of the contract of sale for the purchase of the land
- Your building plans and specifications
- Build contract and any variations and/or additional quotes
- Updated financial documents (if required)

At this stage, if you're eligible for any government grants, your Home Loan Specialist can assist you in applying through RAMS.³



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LOAN DOCUMENTS

RAMS solicitors will prepare the loan documents and will work with your solicitor or conveyancer to obtain any required documentation and arrange settlement.

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LOAN SETTLEMENT (LAND)

Your solicitor or conveyancer will contact the RAMS solicitor to book in the settlement for your land purchase. Settlement periods vary between the different States and Territories and your conveyancer or solicitor will be able to confirm the timeframe.

To finalise settlement, you will need to pay any upfront costs not covered by your loan for the purchase of the land. This payment should occur either prior to or at settlement.

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AUTHORITY TO COMMENCE

After land settlement, we provide you with flexibility on the commencement of construction of your new home, so you can build on a timeline that works for you.

Before construction can commence, you'll need to provide the following information to RAMS:

- Build contract and any variations to the contract
- Council approved plans
- Signed building specifications
- Builder's risk insurance
- Home Owner's Warranty
- A copy of the builder's licence

RAMS will then provide an authority to commence letter to your builder which will allow them to begin construction. Construction needs to be completed within 12 months after RAMS issues the authority to commence.⁴

If you've been approved for a government grant, you're eligible to receive the funds at the slab stage of construction (when the foundations are laid), providing RAMS has received the invoice for the slab stage and you meet all grant requirements. To confirm any requirements, refer to your relevant government department's website.²

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UNDER CONSTRUCTION

Construction is usually divided into 5 stages with a progress payment drawn down from your loan to cover the costs of completion of each of the stages. In order to receive progress payments as each stage is completed, you'll need to provide RAMS with a signed progress payment form and an invoice from your builder for the completed works.

Once RAMS has received these documents, the progress payment will be paid into the builder's account for that stage. The progress payment amounts will be shown on your home loan statements and will be drawn down against your total loan limit. It is important to note that you will only pay interest on the loan amounts which have been drawn down as construction progresses⁵.

Midway through construction RAMS may organise a property inspection to ensure the work is of an adequate standard. Once construction is completed, RAMS will organise a final inspection. After this final inspection, RAMS will send a final letter to inform you that the construction draw down is complete.

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YOUR NEW HOME!

The settlement is complete and your RAMS home loan is in place, congratulations! We'll be there to help with any questions or changes to your home loan now or in the future.

