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BUILDING LOANS

A building loan is a loan provided by a bank for constructing a new building on an empty stand or renovating an existing building. The bank usually requires the following: Municipal Approved Building plans, written agreement with a NHBRC registered contractor, NHBRC enrolment certificate, NHBRC registration of the builder, contractor's waiver of lien, and a deposit.

The bond amount is on retention, and the bank will only make payments for completed building works in the form of progress payments at various stages of the building project. Furthermore, it is common practice among banks that the contractor has a risk insurance policy for the duration of the contract to minimise the risk of unforeseen damages. Upon completion of the entire project and presentation of an occupation certificate, a valuator inspects the property, whereafter the final payment from the loan is made.