

# WHY *choose* ING DIRECT?

## CONSTRUCTION LOAN PRODUCT SHEET

Effective 7 October 2011

General Features	
General Description	<p>The ING DIRECT construction loan is the ideal loan when you're planning to build a new property. It's a variable interest rate loan, designed to help you through the construction period.</p> <p>At the end of the construction period the loan converts to the Mortgage Simplifier rate together with any interest rate discount for aggregation.</p>
Target Market	<ul style="list-style-type: none"> <li>- Owner Occupiers or Investors looking to construct</li> <li>- Second home buyers</li> <li>- Investors with a strong asset position</li> <li>- Homeowners undertaking extensive renovations</li> </ul> <p><b>Note:</b> Owner-builders and developers are not eligible</p>
Key Benefits	<ul style="list-style-type: none"> <li>- No monthly account keeping fees</li> <li>- No fees for making additional repayments (additional repayments can only be made after the loan reverts to Mortgage Simplifier)</li> <li>- No annual fees</li> <li>- No transaction fees</li> </ul>
Key Features	
Ability to Make Additional Repayments	<ul style="list-style-type: none"> <li>- Not during construction</li> <li>- Once your loan converts to a Mortgage Simplifier, you can make additional regular or lump sum repayments at any time</li> </ul>
Redraw	<ul style="list-style-type: none"> <li>- Not available during construction period</li> <li>- Once your loan converts to the a Mortgage Simplifier, redraw is available</li> </ul>
Combination Loans	Not permitted with Construction Loans
Split Loans	Not permitted with Construction Loans
Loan Details	
Acceptable Loan Purpose	<p><b>Construction of a residential dwelling</b></p> <ul style="list-style-type: none"> <li>- for owner occupation; or</li> <li>- investment purposes</li> </ul> <p>Construction of the dwelling must commence within 12 months from the date of settlement.</p> <p><b>Note:</b> If finance is initially required for land only, an approval can be granted for the land loan amount. This does not constitute a commitment to fund the construction portion. A subsequent loan offer issued prior to commencement of construction, upon provision of required documentation.</p>

Unacceptable Loan Purpose	<ul style="list-style-type: none"> <li>- Construction of a 'spec', a display, a demountable or a kit home</li> <li>- More than one dwelling</li> <li>- Purchase of land only where there is no intention to commence construction within 12 months from settlement date of land loan</li> <li>- Refinance of partially completed dwelling</li> </ul>
Valuations	<p><b>All loans require:</b></p> <ul style="list-style-type: none"> <li>- Initial valuation</li> <li>- Final valuation (prior to final draw-down)</li> </ul> <p><b>For loans with an LVR greater than 90%:</b></p> <ul style="list-style-type: none"> <li>- Progress Inspection (prior to the third draw-down)</li> </ul>
Progress Payments	<ul style="list-style-type: none"> <li>- Maximum of five is permitted</li> <li>- Progress payments made upon approval by the borrower</li> <li>- Funds will not be advanced to builders for work not completed unless there is sufficient equity in the land to warrant the pre-advance.</li> <li>- Borrower to put in their financial contribution before any progress payments are made</li> <li>- No minimum drawdown amount</li> <li>- Direct credit to builder's pre-nominated account</li> <li>- If the request is approved by 2pm Sydney time, the funds will be available the next business day</li> <li>- If the request is approved after 2pm Sydney time, it will take an additional business day for the funds become available.</li> </ul>
Builders & Builder's Contract	<ul style="list-style-type: none"> <li>- Builder must be licensed</li> <li>- All construction must be included in a single building contract</li> <li>- Building contract must be a signed fixed price and time building contract inclusive of GST</li> <li>- Building contract must be HIA/MBA approved with an Approved Home Owner's Warranty or state equivalent</li> </ul>
Maximum Borrowers	6
Eligible Borrowers	<p>Personal borrowers only</p> <p><b>Note:</b> Owner builders and developers are not eligible</p>
Loan Term	Up to 30 years
Repayment Type	<p><b>During Construction:</b></p> <ul style="list-style-type: none"> <li>- Interest only on balance of funds drawn down</li> <li>- Interest capitalisation not permitted</li> </ul> <p><b>After Construction:</b></p> <ul style="list-style-type: none"> <li>- Once construction is finalised (last progress payment is made) the loan converts to a Mortgage Simplifier with P &amp; I repayments</li> </ul>
Repayment Method	Direct Debit only
Repayment Frequency	Monthly during construction
Minimum Loan Amount	\$50,000
Maximum Loan Amount	<p>\$1,100,000* broken down by:</p> <ul style="list-style-type: none"> <li>- \$600,000 for the purchase of land</li> <li>- \$500,000 for construction if total facility is within ING DIRECT credit criteria*.</li> </ul> <p>Higher amounts may be available on a case by case basis and at ING DIRECT's discretion</p>
Interest Calculations	Calculated on the daily balance and charged monthly

## Credit Policy (Refer to Short Form Credit Policy for full details)

LVR	<ul style="list-style-type: none"><li>– Up to 95% LVR (plus capitalised LMI premium) of “on completion” valuation where construction is to commence immediately (i.e. construction contract is already in place)*.</li><li>– Up to 80% of land valuation (or purchase price, whichever is the lower) where there is a commitment to commence construction of a dwelling within 12 months of funding (i.e. construction contract is not in place) **.</li></ul> <p><b>NOTES</b></p> <ul style="list-style-type: none"><li>– Where the borrower is receiving the First Home Owners Grant, conditions apply.</li></ul> <p>*Subject to Lenders Mortgage Insurance criteria above postcode LVR. The first drawdown (land purchase) can be up to 90% of the land value (or purchase price, which ever is the lower), as long as the applicants equity is expended first, LMI is in place, and the remaining funds cover the construction costs.</p> <p>**In this instance, loan serviceability will be assessed including a \$200K construction component.</p>
Security	<ul style="list-style-type: none"><li>– Registered first mortgage</li><li>– Second mortgages are accepted only as collateral security</li></ul> <p><b>For loans with an LVR greater than 90%:</b></p> <ul style="list-style-type: none"><li>– Category 1 postcodes only</li></ul>
<b>Fees</b>	
Application Fee	\$0
Monthly or Annual Account Keeping Fees	No monthly or annual account keeping fees
Discharge Fee	\$250 plus legal costs
Valuation Fee	A \$200 final valuation fee applies

**Important Information:** Information is current as at the date of this Product Sheet and is subject to change. This Product Sheet provides a summary only and is for the exclusive use of ING DIRECT Introducers. All applications for credit are subject to ING DIRECT's credit approval criteria. Fees and charges apply. Details of these and the terms and conditions are available at [introducer.ingdirect.com.au](http://introducer.ingdirect.com.au) or on request by contacting your Business Development Manager. BPAY® is a registered trademark of BPAY Pty Ltd ABN 69 079 137 518. ING DIRECT is a division of ING Bank (Australia) Limited ABN 24 000 893 292 AFSL/ACL 229823.