

FAQ: POST CONTRACT



Will the builder require a deposit?

Your builder usually will require a deposit before work begins. The contract will say what the deposit is.

Most states and territories set a maximum deposit for a building contract – you can find out the maximum in your state by checking with the relevant state authority.

It is usual for the builder to submit the development application and all required permit applications to the local authority before starting construction.

How long does it take to build a house?

Time varies but generally it will take 7 to 9 months to build a single level residential house, assuming no problems are encountered during construction.

You should get an estimate of time from your builder before you sign a contract.

A typical building program will comprise the following stages:

- siteworks
- footings
- floor slab
- walls (brick, steel or timber frame)
- roof frame
- roof cover (tile or metal)
- internal wall finish (hardwall or plasterboard)
- interior utilities (electrical and plumbing)
- cabinetry
- finishing utilities (taps and door hardware)
- painting and tiling.

There are typically 3 to 5 progress payments for brick homes depending on the particular bank and valuer's recommendation.

The builder will generally invoice you for progress payments throughout the building process. If you have a loan with IBA, you are required to pass the invoice on to IBA with a payment authorisation and we will arrange for a valuer to complete a progress inspection report confirming the invoiced work has been completed as required by the building contract. Once we are satisfied that the stage has been completed, IBA will process the invoice for payment direct to the builder.

Final drawdown of your loan occurs once the builder has completed all works. If you have a loan with IBA, at this stage you will send the invoice and authorisation for payment, along with a copy of the certificate of occupancy (which is provided by the builder) and your home insurance policy to IBA. Generally, once your loan is fully drawn down, repayments will change from interest only to your standard ongoing principal and interest repayments. IBA will work with you to explain when payments will change.



Interested to know more? Check out the 5-part video series, BRICK BY BRICK, on our YouTube channel for a breakdown of the construction process.

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What is a variation?

Variations are alterations to the agreed plans and specifications by either the builder or the client after the contract is signed.

If you, for example, request additional power points to be added, you may need to pay for a variation – so you will pay the extra amount required for materials and labour, and also a builder's margin of anywhere between 15 and 25 per cent.

Power points aren't expensive, however moving a window may be. The margin will be disclosed in the contract, so be sure to check.

Another area where you may encounter a variation is where a builder allows a rate for standard items, e.g., tiling. Should you decide you prefer a more expensive tile, a variation will be raised. For this reason, it is best to try and make as many decisions (e.g., tiles) as you can before the contract is signed, so that the contract captures all of the known costs.

What is the average cost per m² for construction in my area?

Cost will vary for a variety of reasons including building type, location, quality of finish, site considerations and demand for trades.

Construction cost manuals compiled by quantity surveyors and architecture bodies can provide a range of construction costs for most locations and building types.

What if the builder cannot complete the house?

With the exception of Tasmania, state and territory governments require builders to take out home indemnity insurance for building works that cost above a threshold amount, in the event that they cannot complete the construction. The insurance is intended to protect an owner against financial loss if a builder can't complete the work or fix defects.



What if a builder makes a mistake?

The builder is required to complete the house in accordance with the approved plans and specifications.

Generally, if a material (significant) mistake is made, they are required to rectify the error. The builder may offer compensation rather than rectifying the mistake. If they do not rectify the error, you may be able to make a civil claim for breach of contract and/or a complaint to the relevant Builders Registration Board. There will be costs involved in taking these steps.

How often should I visit the site?

Regular site visits reduce the risk of mistakes going unnoticed. It is easier to rectify errors if they are reported earlier rather than later. Monthly site visits should suffice with additional visits at times of increased activity.

You should arrange site visits with the site manager as control of the site passes to the builder on signing of the contract.

More handy frequently asked questions are available on our website iba.gov.au:

- Before deciding if you want to build a home
- Before signing a building contract

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