

# FHOG for Vacant Land/Construction Loans Fact Sheet

## Advancement of amounts equivalent to FHB Government Grants

<p><b>Overview</b></p>	<p>We are able to advance the amount equivalent to approved Government grants (i.e. First Home Owner’s Grant and other applicable First Homebuyer Grants) from the borrower’s approved construction loan for use at their vacant land settlement. All other Credit Guidelines Booklet criteria remains unchanged.</p> <p>This will allow borrowers to access funds earlier and reduce the amount of their own funds that will be required at their vacant land settlement.</p> <p>This feature will be available to First Home Buyers (FHBs) who are:</p> <ul style="list-style-type: none"> <li>• Purchasing a property (vacant land) for the purpose of construction; AND</li> <li>• Qualify for Government grants such as the First Home Owner Grant (‘FHOG’).</li> </ul> <p>Unconditional approval must be provided for both the vacant land and construction loan portions and are held prior to the land settlement.</p> <p>Where FHOG is not approved, we will not advance funds. The borrower may need to provide additional funds to settle in that case.</p>
<p><b>Qualifying Criteria</b></p>	<p>The following criteria must be satisfied to be eligible for this feature:</p> <ol style="list-style-type: none"> <li>1. Approvals for vacant land and construction loans must be held prior to vacant land settlement (Note: standard credit criteria to apply including our genuine savings and construction loan policies).</li> <li>2. Borrower(s) must qualify for FHOG and other State Government based grants directed at FHBs. Note: This is determined on the relevant State Government criteria.</li> <li>3. We must be applying for FHOG and other State Government based grants on behalf of borrower(s). As such, the completed State Government forms must be forwarded to us addressed to the “FHOG Team” for processing as per standard practice. Note: Different states have different requirements for the forms: <ul style="list-style-type: none"> <li>• ACT, SA, TAS, VIC - the completed originals must be forwarded;</li> <li>• NSW, NT, QLD - either completed originals or copies can be forwarded;</li> <li>• WA - only copies need to be forwarded, which must be held for 5 years. We may ask brokers to hold these.</li> </ul> </li> </ol> <p><b>Reminder: Please ensure FHOG applications are sent to the below address at the same time as the loan application. Lodgment cannot commence until the fully complete FHOG application is received.</b></p> <p><b>Postal Address:</b>  <b>Attn FHOG Department</b>  <b>PO Box 626</b>  <b>Collins Street West</b>  <b>Melbourne VIC 8007</b></p> <p><b>Email Address:</b>  <b>Advantagedge.afssettlements@advantagedge.com.au</b></p> <ol style="list-style-type: none"> <li>4. Approval from the relevant Government body must be held at least three days prior to vacant land settlement. Where approval is not held, funds cannot be released.</li> </ol>
<p><b>How to select this feature for your client</b></p>	<p>The following steps must be undertaken to take advantage of this feature for your client during the application process:</p> <ol style="list-style-type: none"> <li>1. Borrower(s) must complete and execute the “Authority to use FHOG for payment towards construction costs” form. This form provides authority for us to receive and credit the FHOG and other government grants to the borrower(s) construction loan – normally at first progress payment stage. You must ensure that this completed form is received with the submitted credit package that contains all necessary supporting documentation. <ol style="list-style-type: none"> <li>a. Download the form via Podium.</li> <li>b. In addition, the Loan Application Form submission checklist has also been updated to cater for this new document.</li> </ol> </li> <li>2. To request this feature: <ul style="list-style-type: none"> <li>• If you are creating the application in Podium/ Sales Tools, open ‘Loan Worksheet’ and click on ‘Edit’ next to the ‘Buyer’s Contribution’ entry, then enter the FHOG amount in the ‘First Home Owner’s Grant’ section. Once the application is submitted to ApplyOnline please make sure that ‘First Home Owners Grant’ is selected in the ‘Deposits and Contributions’ section in Loan Details page.</li> <li>• If you are using Quick Launch feature to create the application directly in ApplyOnline, open ‘Loan Details’ page in ApplyOnline application and click on ‘Add New Deposit/Contribution’ button in the ‘Deposits and Contributions’ section and then click on the drop down menu and select ‘First Home Owners Grant’ and enter the FHOG amount.</li> </ul> </li> </ol>
<p><b>Funds advanced from borrower’s construction loan</b></p>	<p>When this feature is selected, the amount advanced from the construction loan to be used at vacant land settlement will accrue interest from the time of the land settlement, as per standard policy, at the applicable interest rate on the construction loan.</p> <p>In addition, the narrative “Pre-release Govt grant” will appear on the borrower’s construction loan statement, highlighting that funds have been advanced from the loan as per this process.</p>

<b>Q1.</b>	<b>What benefits would my borrowers receive by using this new policy?</b>
<b>A1.</b>	The new feature means that your borrowers are able to access these funds earlier (instead of waiting for them to be released at the first progress payment of the construction loan) and reduce their contribution of own funds at the time of their vacant land settlement. This allows them to benefit from reducing the time needed to save for these funds and speed up the process of obtaining their own home.
<b>Q2.</b>	<b>Are there new forms that must be completed by the borrower?</b>
<b>A2.</b>	Yes. The borrower must complete and execute the "Authority to use FHOG for payment towards construction costs" form, which provides us with the authority to receive and credit the government grants to the construction loan that normally occurs at the first progressive payment stage. This completed form must be received with the loan credit package. We will not, under any circumstances, advance funds without the provision of this form and/or the processing of the government grants on behalf of borrowers.
<b>Q3.</b>	<b>What will happen at the time of the vacant land settlement and at the first progress payment stage of the construction loan?</b>
<b>A3.</b>	At the time of the vacant land settlement, the amount equal to the approved government grant will be advanced from the construction loan portion and used to fund the vacant land. At this stage the construction loan will have a debit balance and will accrue interest as per standard processes. The statement narrative of "Pre-release Govt grant" will appear as the first entry on the construction loan, to advise borrowers that this portion was used at the vacant land settlement. At the first progress payment stage, the approved Government grant(s) will be credited to the construction loan to ensure adequate construction loan funds are held to meet construction costs.
<b>Q4.</b>	<b>Where can I get more information regarding First Home Buyer Government Grants?</b>
<b>A4.</b>	Each State Government website contains detailed information relating to First Home Buyer Government Grants. We recommended that you review the information contained on these sites to familiarise yourself with what grants are available to first home buyers. There is also a centralised website that directs users to the relevant State Government sites, located at the following address: <a href="http://www.firsthome.gov.au">www.firsthome.gov.au</a>
<b>Q5.</b>	<b>Who can I contact to discuss this further?</b>
<b>A5.</b>	If you have any further questions regarding this change, please contact your <b>Business Development Manager</b> .