

# Prefab Homes

Progressive payments  
for prefabricated (prefab)  
homes with CommBank

## What are prefab homes?

Prefab homes are built partially offsite in factories and then transported to be permanently fixed to your land. Common examples are modular and kit homes.

Due to productivity improvements unique to offsite construction methods, prefab homes are generally much quicker to build compared to traditional construction.

## How does it work?

CommBank can support by providing construction loan funding while the prefab home is being built, split across the following stages:

- During the offsite build stage where your prefab home is being constructed in a factory, there is a limit on the amount of construction loan funds that can be released.
- Then, once your prefab home is permanently fixed to your land and connected to all services, the remaining construction finance can be released to your builder (subject to an inspection being completed by the Bank and all other relevant construction terms and conditions being satisfied).

Find out more at [commbank.com/prefab-homes](https://commbank.com/prefab-homes)

# What will be provided?

Depending on your choice of prefab home manufacturer, CommBank offers two options to support during the initial offsite construction period before your home has been fixed to land.

## CommBank Assessed Manufacturers

### Offsite build stage

Funds disbursed prior to the prefab home being fixed to land cannot exceed **150%** of land value (less land debt) or **80%** of build contract price, whichever is lower.

## Any Other Prefab Home Manufacturer

### Offsite build stage

Funds disbursed prior to the prefab home being fixed to land cannot exceed **120%** of land value (less land debt) or **60%** of build contract price, whichever is lower.

## Requirements

- Access to funds during offsite construction is only available for fixed price build contracts up to \$1.5 million.
- You must own, refinance or be purchasing the land on which the prefab home will be permanently located.
- We will complete a valuation assessment as part of finance approval, which must confirm that the home will be permanently fixed to land upon completion.
- Upon completion, we will complete an inspection which must confirm that the home is fixed to land and connected to all services such as water, power and sewerage.



All standard construction documentation and policies apply.  
See here for details [commbank.com.au/home-loans/construction-loan](https://commbank.com.au/home-loans/construction-loan)

## Benefits

- Prefab construction timelines are typically much quicker than traditionally built homes, given the advantage of building the home in a controlled factory setting.
- Receiving access to finance during the offsite construction period can mean that you will no longer need to fund the initial stages yourself, while waiting for the land affixture stage.

## Things to consider

- By requesting progress payments prior to the prefab home being affixed to the land, the land will be used as the sole security up until the prefab home is transported to site. In the event of builder non-completion or liquidation prior to the prefab home being affixed to site, this may result in negative equity and you will still be required to repay the construction home loan.
- Customer protections vary state to state in the event of builder liquidation, disappearance, or death prior to completion.
- Before making a decision as to whether this type of construction arrangement and loan type is right for you, we recommend that you seek independent legal and financial advice, including advice about building warranty insurance or other insurances that may cover potential risks and impacts to your financial situation.

## Important information about CommBank Assessed Manufacturers

CommBank Assessed Manufacturers are manufacturers who as of assessment date meet CommBank's financial criteria for this form of lending. This includes having an established onshore manufacturing facility, financial performance assessed by CommBank as satisfactory, and satisfying a factory inspection. CommBank Assessed Manufacturers are listed on [commbank.com/prefab-homes](https://commbank.com/prefab-homes)

CommBank does not endorse, recommend or guarantee the services, quality of work or future financial stability of any CommBank Assessed Manufacturer. Customers are responsible for choice of prefab home manufacturer.

## Example scenarios

Tim is wanting to purchase vacant land to build a prefab home on. The land is valued at \$300,000 and he will contribute \$140,000 in cash and obtain a land loan for the remaining \$160,000. The new prefab home costs \$350,000 to build and Tim will be borrowing the full \$350,000 amount.

Tim's initial progress payment stages in his build contract cannot exceed the maximum dollar value which can be released prior to the home being fixed to land.

Then, once the home has been permanently fixed to land and connected to all services, such as water, power, sewerage, the remainder of the construction finance can be released (subject to a bank inspection and all other relevant construction terms and conditions being satisfied).

CommBank Assessed Manufacturers	
150% of land threshold	\$290,000 (land value x 1.5, less land loan)
80% of build contract	\$280,000 (build contract price x 0.8)
Funding available prior to the home being fixed to land	<b>\$280,000</b> (lower of the two)



Stage	Cost	Funds released
Deposit	\$17,500 (5%)	<b>\$280,000</b>
Site Prep	\$35,000 (10%)	
Frame	\$52,500 (15%)	
Lock up	\$122,500 (35%)	
Fixing	\$52,500 (15%)	
Final completion (land affixture, connection to services)	\$70,000 (20%)	\$70,000
<b>TOTAL:</b>	<b>\$350,000</b>	<b>\$350,000</b>

Any Other Prefab Home Manufacturer	
120% of land threshold	\$200,000 (land value x 1.2, less land loan)
60% of build contract	\$210,000 (build contract price x 0.6)
Funding available prior to the home being fixed to land	<b>\$200,000</b> (lower of the two)



Stage	Cost	Funds released
Deposit	\$17,500 (5%)	<b>\$200,000</b>
Site Prep	\$35,000 (10%)	
Frame	\$52,500 (15%)	
Lock up	\$95,000 (27%)	
Final completion (fixing stage, land affixture, connection to services)	\$150,000 (43%)	\$150,000
<b>TOTAL:</b>	<b>\$350,000</b>	<b>\$350,000</b>

### Things you should know:

This guide doesn't consider your individual objectives, financial situation or needs. Before basing any decisions on this information please:

- Consider its appropriateness to your circumstances.
- Consider obtaining professional advice specific to your needs, including financial, taxation and legal advice.

Loan applications are subject to credit approval and any loan offer includes full terms and conditions. Fees and charges apply – see our fees and charges brochure. All examples and scenarios are illustrative only. This guide is subject to change without notice. Commonwealth Bank of Australia ABN 48 123 123 124 AFSL and Australian credit licence 234945.