

# Property Development Funding Checklist



Details to be considered depending on:

- > Complexity and scale of the project
- > Experience of the developer/builder
- > Equity contribution and residual LVR.

Borrower Information	<input type="checkbox"/> Application with personal information. <input type="checkbox"/> AML & KYC Identification, Credit Check. <input type="checkbox"/> Statement of Position and Income detail for Borrower and Guarantor(s). <input type="checkbox"/> Borrower background and experience.
Project Proposal	<input type="checkbox"/> Write-up of proposed development. <input type="checkbox"/> Overview of project. <input type="checkbox"/> Project management. <input type="checkbox"/> Key parties involved: planner/architect/construction.
Land Purchase	<input type="checkbox"/> Agreement for Sale and Purchase. <input type="checkbox"/> Valuation to support 'as is' land price (pre-consents if not yet held). <input type="checkbox"/> Valuation of any collateral security to be provided. <input type="checkbox"/> Geotech & Environmental Report (where applicable). <input type="checkbox"/> Max 60% LVR (less any interest capitalisation provision).  Considerations: <input type="checkbox"/> Existing improvements/demolition. <input type="checkbox"/> Bulk and location study confirming allowable site development.
Development Feasibility	<input type="checkbox"/> Detailed project feasibility, including projected cashflow/drawdowns. <input type="checkbox"/> Valuation of development 'as if complete', with comments on location, demand, quality, and composition. <input type="checkbox"/> Loan to total development cost – maximum 80%. Equity – minimum 20%. <input type="checkbox"/> Adequate project profit (circa 15% - 20%). <input type="checkbox"/> Resource and Building Consents, Engineering Plan Approval. <input type="checkbox"/> 223 Certificate pre-construction.
Construction	<input type="checkbox"/> Background on construction entity – builder/developer or independent contractor. <input type="checkbox"/> Construction contract. <input type="checkbox"/> Summary of plans & specifications.  Considerations: <input type="checkbox"/> Builder/developer costings may require independent verification.  Drawdowns on a cost-to-complete basis. Progress payments claims methodology as agreed by lender, being either: <input type="checkbox"/> Quantity Surveyor Drawdown Certificate. <input type="checkbox"/> Agreed Milestones that tie to the Building Contract. <input type="checkbox"/> Invoice payments. <input type="checkbox"/> Progress Valuation Reports.  <input type="checkbox"/> GST declaration and management. <input type="checkbox"/> Verification of Producer Statements, As-built Drawings, 224c Certificate and Code Compliance.
Repayment	<input type="checkbox"/> Pre-sale Sale and Purchase contracts in approved form. <input type="checkbox"/> Note sunset clauses (if applicable). <input type="checkbox"/> Confirmation deposits are held in the Borrower's solicitors' Trust account. <input type="checkbox"/> LVR at completion after settlement of presales – maximum LVR 70% or 60% for sections.

## Product Specification

27 February 2025

Property Development for Avanti Finance is about offering funding for small to medium residential and commercial development projects. Pre-sales and/or Quantity Surveyor is not always required. 10% construction contingency minimum and 15% margin after selling and finance costs

Target Client	<ul style="list-style-type: none"> <li>&gt; Property developers: company, trust, partnership, or individual (non-CCCFA)</li> <li>&gt; Experienced developers preferred.</li> </ul>
Sourcing of Lending Opportunities	<ul style="list-style-type: none"> <li>&gt; Applications will be received from mortgage advisers or other referral sources. Some enquiries will be directly from developer borrowers. All property development finance enquiries received by Avanti will be directed to FPL.</li> </ul>
Loan Purpose	<p>Predominantly property development finance:</p> <ul style="list-style-type: none"> <li>&gt; Land settlement funding prior to construction.</li> <li>&gt; Development, construction and subdivision funding. Potentially other property-backed security lending opportunities on a case-by-case basis, such as:</li> <li>&gt; Financing residual stock post development.</li> <li>&gt; Bridging finance.</li> </ul>
Amount	<ul style="list-style-type: none"> <li>&gt; Target range: \$1.0m to \$10.0m</li> <li>&gt; Potentially outside of this range on a case-by-case basis.</li> </ul>
Term	<ul style="list-style-type: none"> <li>&gt; The maximum term is 36 months.</li> <li>&gt; Expect the majority of loans to be completed in 9-18 months</li> </ul>
Interest Rate	<ul style="list-style-type: none"> <li>&gt; Interest Rate range: 8.0% to 10.0% (excluding fees).</li> <li>&gt; The interest rate depends on the profile of the customer, the overall rate of return required for the deal and is subject to agreed credit criteria.</li> </ul>
Repayments	<ul style="list-style-type: none"> <li>&gt; The majority of facilities interest will capitalise for the term of the facility, but borrowers will have the ability to elect to pay monthly.</li> <li>&gt; Exit/repayment will be via sales proceeds or refinance upon completion of the project.</li> </ul>
<b>Fees</b>  <b>Commitment fee</b>  <b>Establishment fee</b> <b>Line fee</b> <b>Other fees</b>  <b>Adviser/referral fee</b>	<ul style="list-style-type: none"> <li>&gt; Set case-by-case considering transaction specifics and overall rate of return.</li> <li>&gt; Upon acceptance of Indicative Terms as a part payment of Establishment Fee.</li> <li>&gt; 1.0% - 2.0% of the facility limit.</li> <li>&gt; 1.0% - 3.0% of either the undrawn limit or facility limit.</li> <li>&gt; Ability to charge additional fees e.g.: for drawdowns or external costs.</li> <li>&gt; As agreed between the borrower and their adviser, usually c.1.0%</li> </ul>
Securities	<ul style="list-style-type: none"> <li>&gt; First Registered Mortgage over subject security property (the development).</li> <li>&gt; GSA over the borrowing entity owning the property and undertaking the development. Including specific security over APAAP with assignment rights over consents, building contract, insurance policies, and sale &amp; purchase agreements.</li> <li>&gt; Guarantees from shareholders/principals.</li> <li>&gt; Mortgage (1<sup>st</sup> or 2<sup>nd</sup>) over any collateral security properties.</li> </ul>

Lending Ratios Targets	<ul style="list-style-type: none"> <li>&gt; Initial loan of up to 60% LVR of the 'as is' value of the development site.</li> <li>&gt; Up to 75% of total development costs, therefore 25% equity/capital requirement.</li> <li>&gt; Maximum 70% of the GST exclusive residual LVR on completion of the project and after net proceeds from any presales. Maximum 60% LVR on residual sections from subdivision projects.</li> </ul>
Drawdowns	<p>To be one of:</p> <ul style="list-style-type: none"> <li>&gt; Cost to Complete Basis via QS Report or other agreed methodology.</li> <li>&gt; Building Contract milestone or percentage against progress.</li> <li>&gt; Valuer certification of completed work.</li> </ul>
Documentation for Approval	<ul style="list-style-type: none"> <li>&gt; Completed Property Development Application Form, to also include AML document support.</li> <li>&gt; Statement of Financial Position for Principals/Guarantors.</li> <li>&gt; Financial statements for the Borrowing entity.</li> <li>&gt; Background write-up on client principal, including development experience.</li> <li>&gt; Overview of the development project, parties to be involved (planners, architects, construction partner, etc.).</li> <li>&gt; Agreement for Sale &amp; Purchase.</li> <li>&gt; Valuation to support land sale price, value of finished units, and demand for the built form product.</li> <li>&gt; Valuation of any collateral security supporting the funding.</li> <li>&gt; Land Use Resource Consent.</li> <li>&gt; Building Consent.</li> <li>&gt; Geotech Report (where applicable) re land and environment suitability.</li> <li>&gt; Development Feasibility.</li> <li>&gt; Construction Contract.</li> <li>&gt; Quantity Surveyor Pre-Condition Certificate (where applicable).</li> <li>&gt; Copies of pre-sale Agreements.</li> </ul>

# Summary of Costings

	Total Budget (excl. GST)	% to Date	Cost to Date	% to Complete	Cost to Complete
<b>Land Cost</b>					
<b>Previous Finance Costs</b>					
<b>Construction Costs</b>					
Demolition					
Excavation and filling					
Public drainage and services					
Building construction					
Driveway, fencing, landscaping					
Insurance					
Contingency (10% of build construction)					
<b>Professional Fees</b>					
Council consent costs					
Architect, Structural Engineer, Planner					
Surveyor, Civil Engineer, Geotech Engineer					
Acoustic, traffic, fire, landscaping, interior design, etc					
Project management and QS					
Other (Valuer, Accountant, etc)					
Bank QS					
Professional contingency					
<b>Levies, Consents, Contributions</b>					

Council development contribution					
Watercare IGC					
Services connections (Vector, Chorus, etc)					
Traffic Management Plan (TMP)					
Neighbour approval					
Other (council fees, council inspections, rates, etc)					
<b>Marketing &amp; Legal Costs</b>					
<b>Finance Costs &amp; Interest</b>					
<b>Total Development Costs (excl. GST)</b>					