

## Factsheet

# BNZ funding for Prefabricated homes, land, and site services

At BNZ we're committed to helping first home buyers and getting more New Zealanders into warm, dry, and resilient homes. That's why we're partnering with carefully selected prefabricated (Prefab) home builders with an innovative pilot project to support Prefab home projects.



### Prefab funding approach

Launched in February 2022, BNZ has taken a new approach to supporting customers wanting to purchase a Prefab (factory built) home, land, and site services to establish the Prefab on the land. To achieve this, BNZ has worked with various Prefab home builders to develop a model that addresses some of the challenges in funding Prefabs. The BNZ's approach allows the Bank and the customer to own the work in progress and ensure the builders are paid for the work completed. BNZ takes security over the land as well as the Prefab, and the funding of the Prefab project is treated similarly to a conventional house build.

### Who is Prefab funding for?

BNZ's Prefab funding is available to first home buyers as well as existing owner occupiers and investors. Given Prefab home projects are classified as new homes, flexibility exists around loan to value and minimum deposit requirements.

### What you need to know about BNZ Prefab funding

- BNZ funding is only available for Prefab home projects from selected Prefab home builders. All funding applications are subject to BNZ's lending criteria, terms and fees (including an establishment fee of up to \$150). Prefab projects must be documented using BNZ's "Agreement for a Prefabricated Home". We recommend that you obtain independent legal advice before entering into this agreement.

- BNZ will require usual security arrangements, which will include a mortgage over the Prefab home and the land, and personal guarantees in some instances. If you currently have a mortgage from another bank, you'll need to refinance to BNZ.
- We'll will arrange loan and security documents via BNZ's panel law firm, and you'll pay for this cost.
- Further eligibility, credit, and other criteria may apply. To find out more, talk to your BNZ Banker.

### Important Prefab funding considerations

- Is the location where you plan to site your Prefab home your own land with freehold title?
- If you don't have freehold title, what arrangements have you made with the landowner so that you can site your Prefab home on the land?
- If you plan to borrow from a bank to fund your Prefab home did you know that the bank will expect to take security over the land as well as the Prefab home?
- Do you have a deposit and if so, how is it made up? e.g. KiwiSaver, cash, or equity release from another property?

### Want to know more?

Ask your Prefab builder for the contact details of the BNZ representative specialising in Prefab home projects.