Financing the Architectural Home.

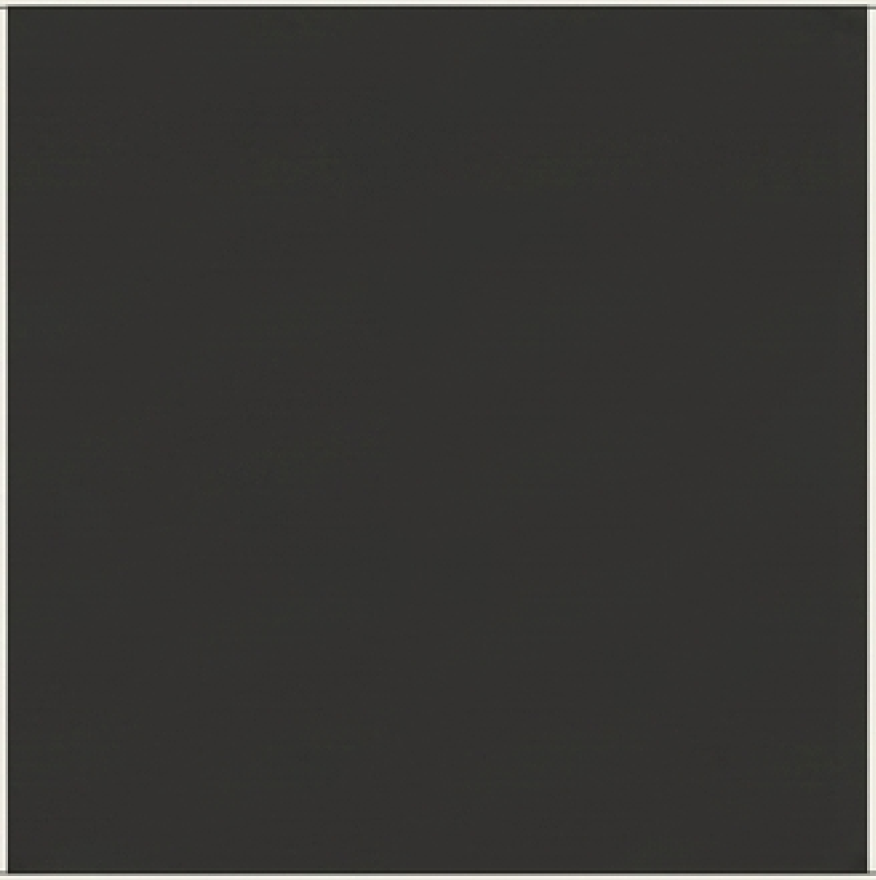
A clear, calm guide to construction loans, progress payments, and funding your Nelson Tasman build.

Prepared by Ecotectural Home Builders.

The Ecotectural Philosophy

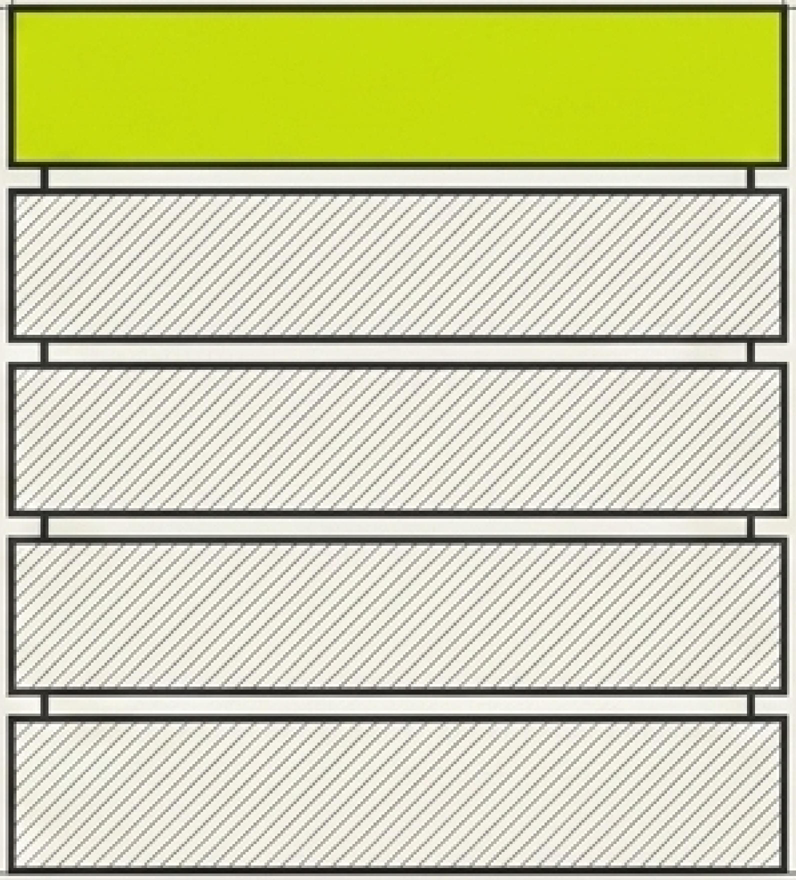
Building a custom eco-home is a creative journey. Financing it should not be a roadblock. This guide translates banking mechanics into a clear blueprint, ensuring your financial foundation is as solid as your home's structural one.

How a Build Differs from a Purchase



Lump Sum.

You borrow a single sum on settlement day. Principal and interest payments begin immediately on the full amount.



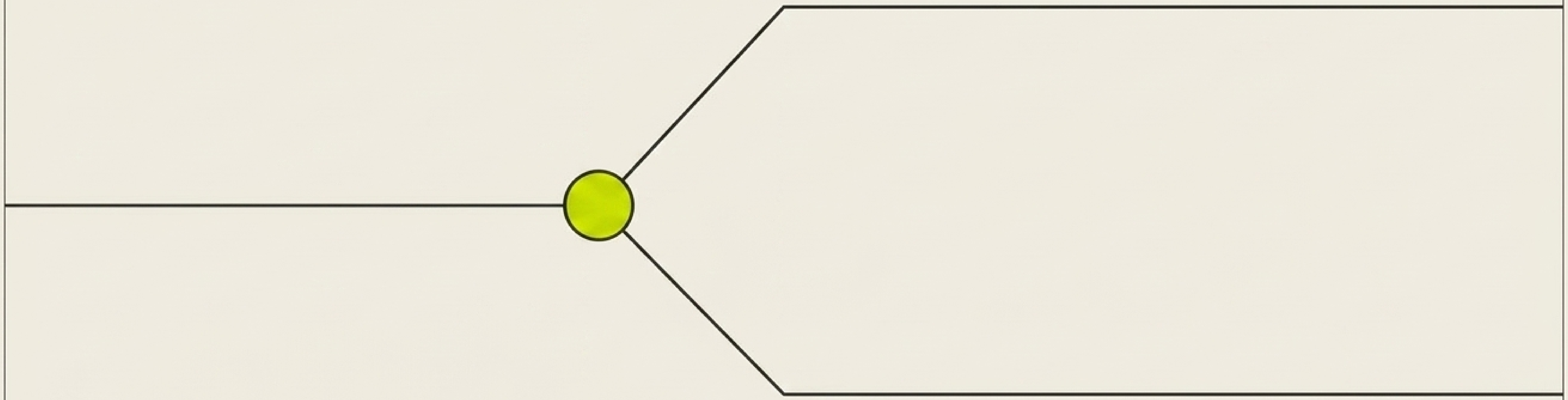
Progressive Funding.

The bank releases funds in stages as your home takes shape. You only pay interest on the money used so far, protecting your cash flow during the build.

The Two Paths to Your New Home

Path A

The Construction Loan (Build Contract). A progressive, stage-based funding model maximizing bespoke design control.



Path B

The Turnkey Contract. A fixed-price, end-funded model prioritizing simplicity.

Path A: The Construction Loan (Progressive)

The Bespoke Route. You buy the land, and the bank pays the builder in stages (drawdowns) as construction milestones are met.

> This pathway allows for total customisation and architectural freedom. However, it requires a cash buffer and active financial management as you pay floating interest on drawn funds while the build progresses.

Path B: The Turnkey Contract

The Fixed Route. You pay a deposit upfront (often 10%). The builder carries the financial burden during construction.

Key Insight: You pay the remaining balance only when the house is completed and keys are handed over. Highly predictable, but typically offers limited ability to customize structural or architectural elements.

The Architectural Comparison Matrix

	Construction Loan	Turnkey
Payment Timing	Staged across build	Single payment at end
Risk Carrier	Buyer & Bank	Builder/Developer
Customisation	High / Bespoke	Limited / Standardized
Deposit Requirement	Often 10-20%+	Often 5-10%

* Ecotectural primarily operates on Progressive Build Contracts to guarantee total bespoke eco-design control for our Nelson Tasman clients.

Deconstructing the Mechanics

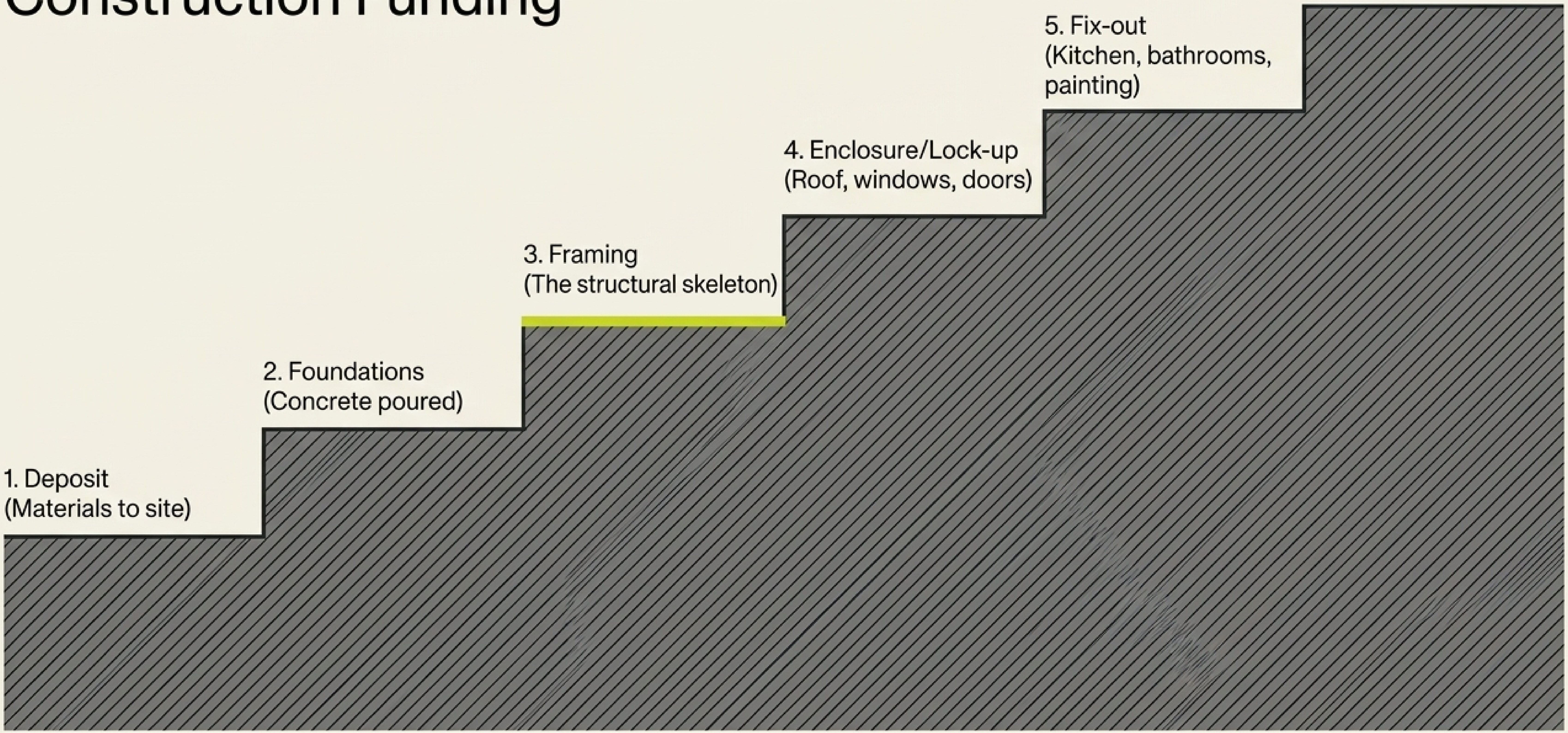
Progress Payments

The builder's perspective. The lender pays the builder directly upon the completion of key structural milestones, validated by site inspections and invoices.

Drawdowns

The bank's perspective. The physical release of your approved loan funds by the lender in predefined tranches.

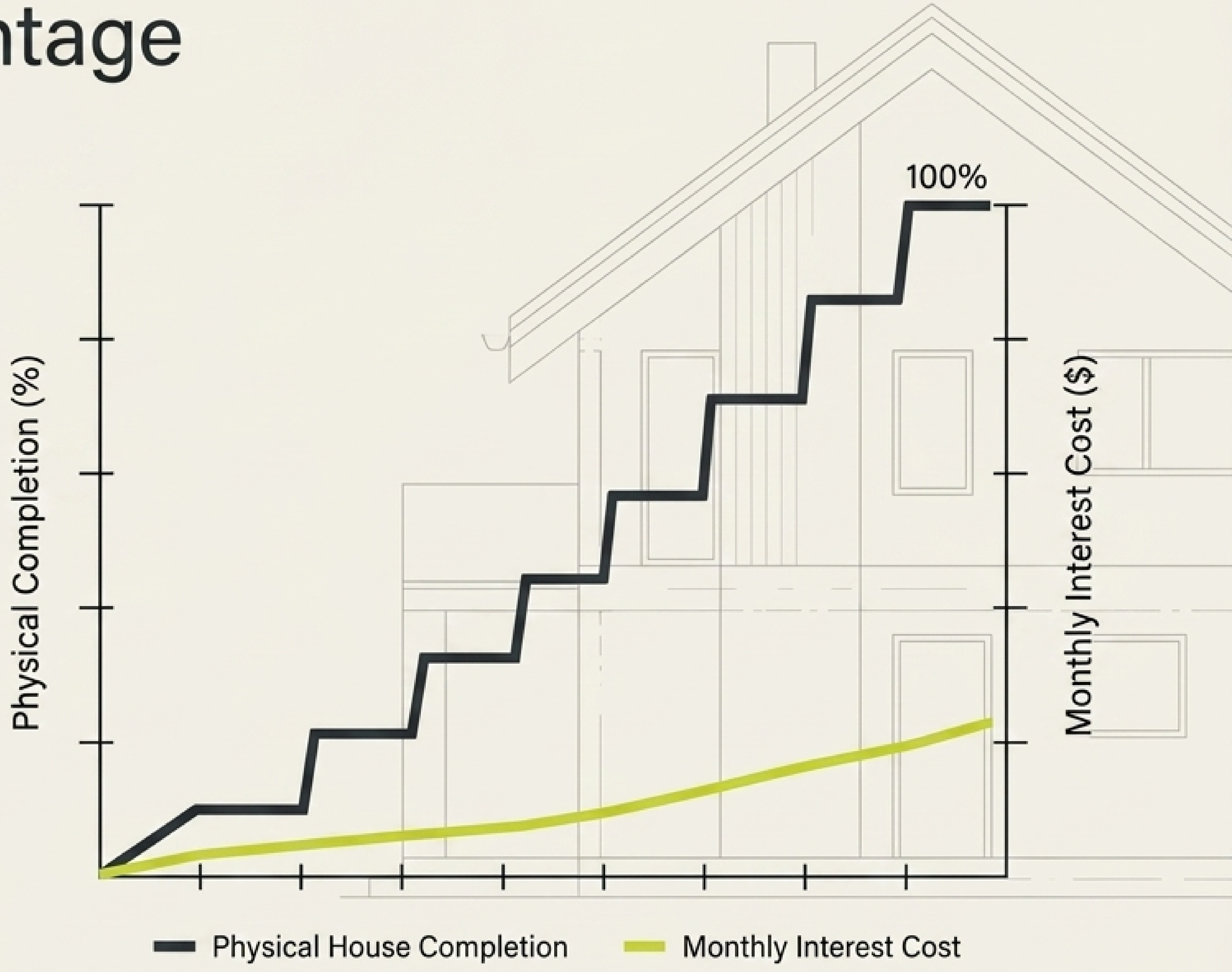
The 6 Stages of Construction Funding



The Interest-Only Advantage

During construction, your loan is typically on a floating rate, and you only pay interest on the funds physically drawn down.

Key Insight: This graduated cost structure keeps your outgoings manageable, making it financially viable to pay rent or maintain existing mortgage while your Nelson Tasman site is being developed.



NotebookLM

Converting to Permanent Finance

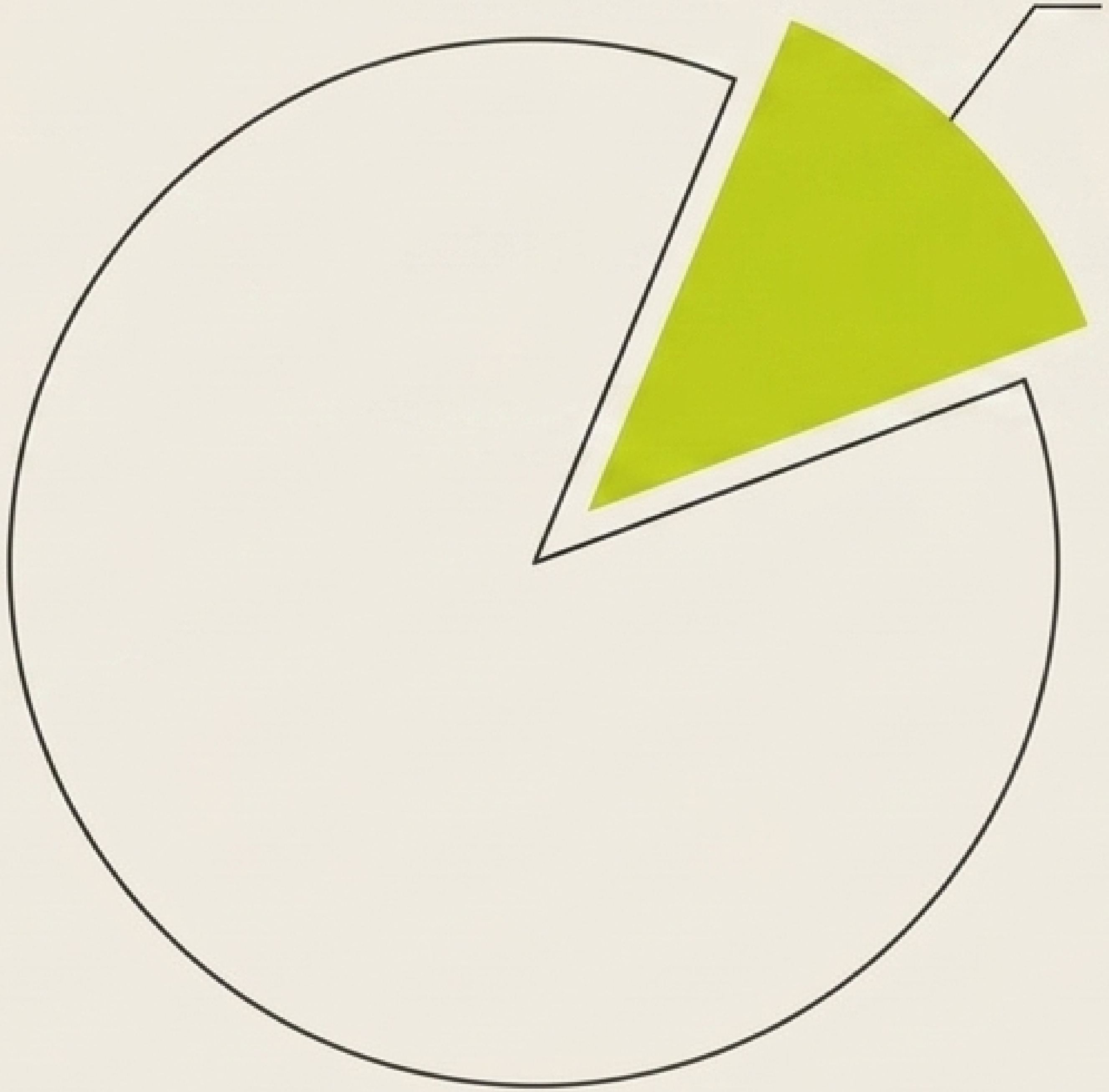
The financial transition occurs at Practical Completion.

Key Insight: Upon issuance of the Code Compliance Certificate (CCC) by the council, your construction loan seamlessly converts into a standard residential mortgage. You can now lock in a fixed interest rate, and principal and interest repayments begin.

Structuring Your Initial Deposit

Construction loans generally require a 10% to 20% deposit, subject to bank criteria and the nature of your contract.

Key Insight: If you already own your Nelson Tasman land outright, the equity in your section is highly powerful—it often counts entirely toward this deposit requirement, minimizing the liquid cash you need to provide upfront.



KiwiSaver Timing: The Sequence Trap

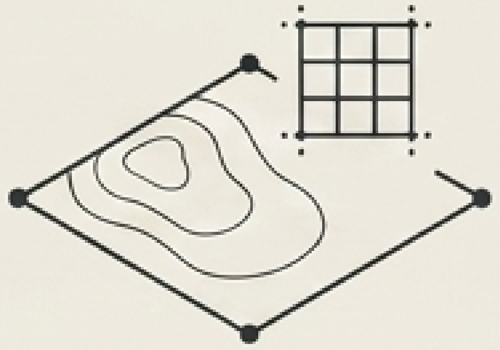
A common misconception is that KiwiSaver funds arrive in your personal bank account. **They do not.**

Key Insight: Funds are released exclusively to your solicitor’s trust account. **Plan the withdrawal sequence strictly around your build milestones,** ensuring your solicitor has the necessary time to process the release before invoices are due.

When Does KiwiSaver Drop?

The Integrated Timeline

Land First

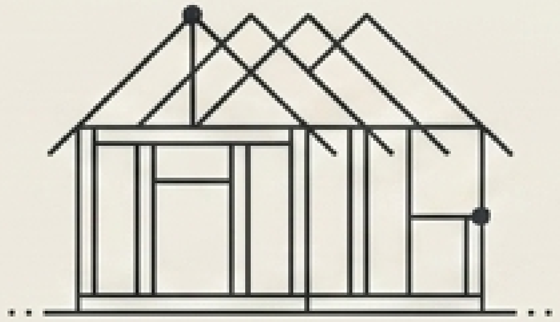


Land First

Releases at land settlement.

Perfect for securing your section before finalizing architectural plans.

Progress Build

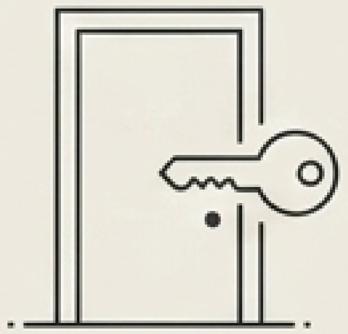


Progress Build

Releases at contract signing.

Often triggered at the signing of the build contract to cover the initial builder's deposit or first structural draw.

Turnkey



Turnkey

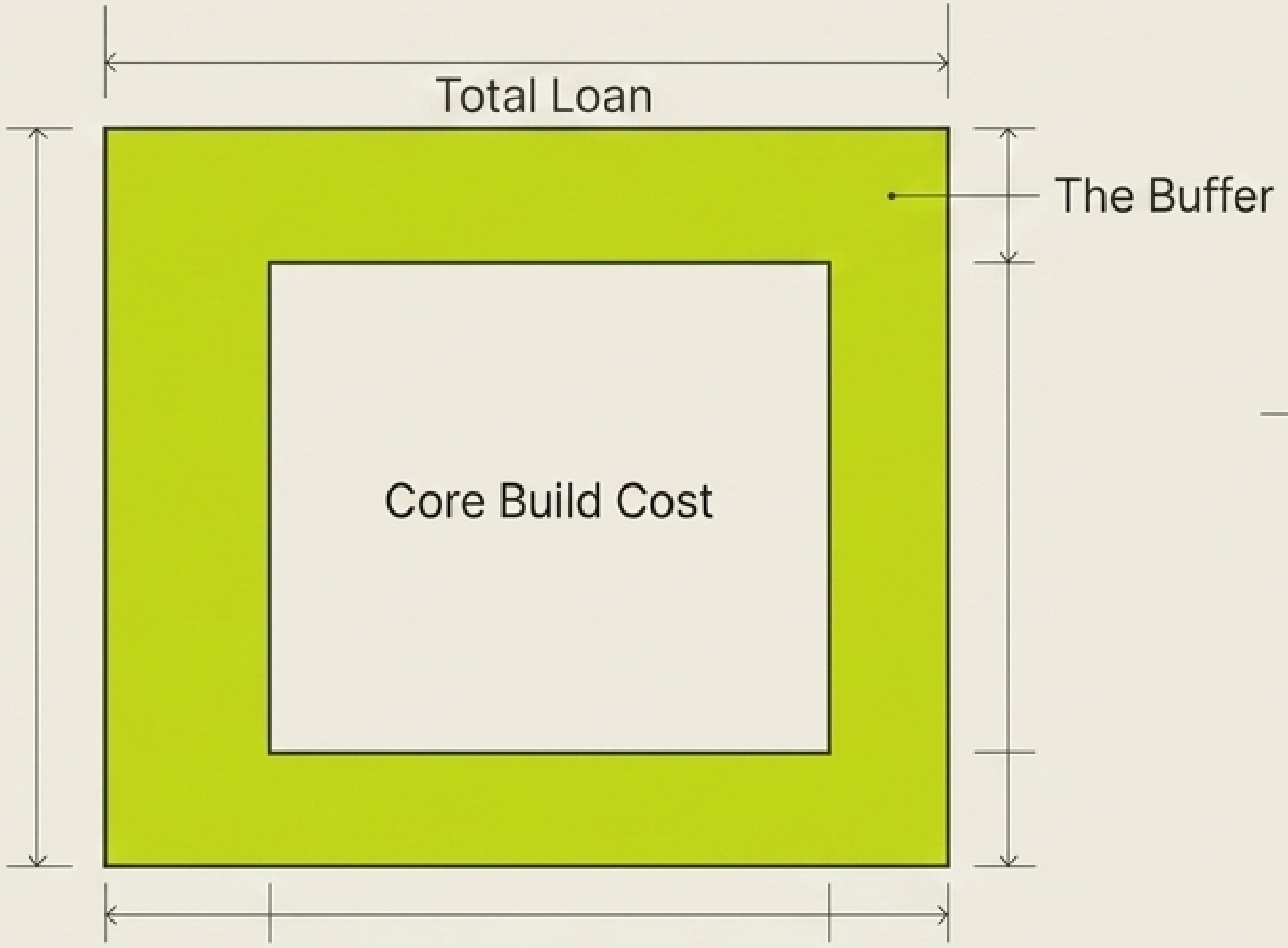
Releases at final settlement.

Funds are held until the CCC is issued and the keys are handed over.

The Reality of Cost Overruns

Building bespoke eco-homes means adapting to site realities and market shifts.

Key Insight: Banks require—and Ecotectural highly recommends—a contingency buffer of 5% to 10% built into your initial loan application. This protects the core project from ext external shocks like material price fluctuations or severe weather delays.



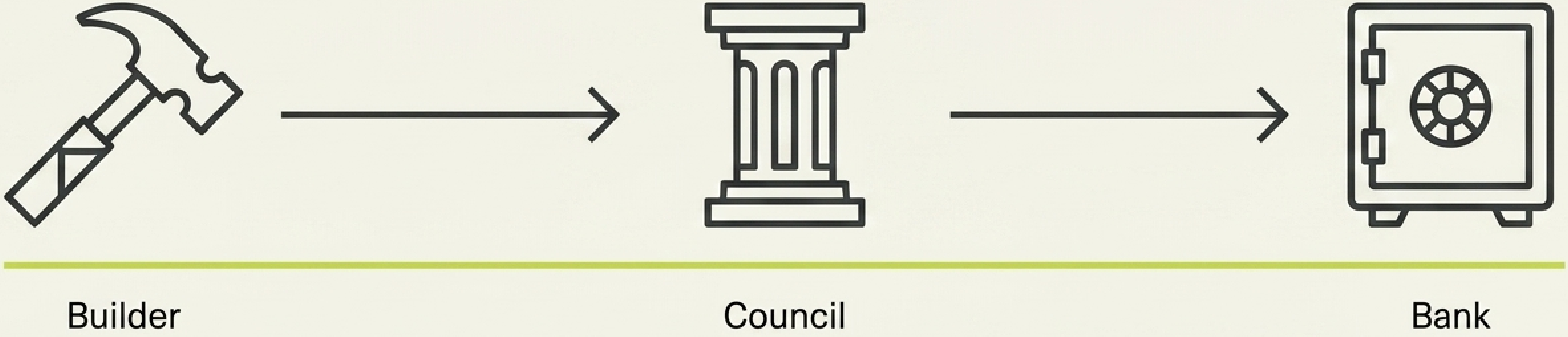
The Contingency Blueprint

NotebookLM

Navigating Local Compliance

Banks often require a registered valuer or quantity surveyor to inspect site progress before releasing funds for the next drawdown.

Key Insight: Delays in Nelson Tasman council sign-offs (which have a 20-working-day statutory limit for CCC) can pause a drawdown. Clear, proactive communication between your builder, broker, and bank prevents cashflow stalls.



The Importance of Fixed-Price Contracts

Where possible, securing a fixed-price contract shields you from market volatility. Lenders heavily scrutinize 'cost-plus' contracts, requiring massive contingency funds.

Key Insight: Ecotectural actively works to provide transparent, locked-in pricing for your core structural elements, satisfying bank risk requirements and providing you with financial peace of mind.

The Financial Preparation Checklist

- Secure a Mortgage Broker specializing specifically in New Zealand construction loans.
- Finalize your Ecotectural architectural plans and obtain our detailed, fixed-cost estimate.
- Initiate KiwiSaver withdrawal paperwork directly via your solicitor.
- Secure conditional bank pre-approval, ensuring a 10% contingency buffer is included.

The Ecotectural Partnership

We don't just build eco-homes; we guide our clients through the ecosystem of building.

Key Insight: We work directly with your lender and valuer to ensure progress invoices are highly detailed, timely, and perfectly aligned with your bank's drawdown schedule. We keep the administration frictionless so the build keeps moving.

Let's discuss your site.

Ecotectural Home Builders
Nelson Tasman, New Zealand
[Contact Email / Phone Placeholder]