

If you are planning to build or reconstruct a house and you wish to apply for a bank loan, we recommend that you give consideration to the following matters.

When building a house:

- Has the building design documentation (including the letter of explanation, plans, drawings) been prepared for the planned building?
- Has the local government issued a building permit, is it being applied for, or does it need to be renewed?
- Have you thoroughly considered and written down the budget of the construction work and the building schedule and have you received the required price proposals from building contractors?
- How much money are you contributing to the construction work? Which stages of the construction are you planning to finance with your own resources?
- As a rule, the bank does not wish to finance construction work without being aware of whether the planned resources are sufficient for completing the building within a reasonable period of time or not.
- Have you chosen the contractor to enter into a construction contract with?
- Who will exercise owner supervision over the construction work?
- If the collateral for the loan is the building to be constructed, does the expert assessment contain both the current market value as well as the potential market value after completion?
- If you need a loan to build a house without any prior preparation but don't have enough money for your own contribution, an additional collateral is required because accepting a half-completed building as a collateral bears a significantly lower rate of value than a completed or almost completed building.

The following documents in relation to building a house must be submitted to the bank when applying for a loan:

- building design documentation;
- building permit or building notice;
- contract or preliminary contract for the performance of construction work if a building contractor is performing the work;
- contract on exercising owner supervision;
- real estate expert assessment that contains both the current and potential market value.

When reconstructing a building:

- Do the planned activities require a building permit or is a building notice sufficient? Please address your local government to make sure.
- If it turns out that the construction work requires a building permit, make sure to order the building design documentation.
- Have you prepared the budget for the construction work or received the required price proposals?
- Who will perform the construction work? Is the building contractor registered in the Register of Economic Activities?
- If the construction work requires a building permit, who will exercise owner supervision?