

ACT Cladding Program

Checklist for owners corporations who need to undertake an Investigation and Tender Stage and then go to remediation

This check-list covers the application and assessment process and the steps you need to undertake to move eligibility assessment to investigation and tender to remediation and repayment.

Background reading

- Read the below Guidelines to the Concessional Loan, which are available at act.gov.au/cladding:
 - > Concessional Loan Quick Guide
 - > Concessional Loan Application and Assessment Guidelines
 - > Concessional Loan Remediation Guidelines
 - > Documents under the “Useful tools” link on the “Information for owners” page on the cladding website.



The Investigation and Tender Stage

- Complete an application for eligibility assessment and submit. This form is available at: **Concessional Loan - Major Projects Canberra (act.gov.au)**.

No other information is needed as the Cladding Team should have a copy of the testing and assessment report for your building.
- The Cladding Team will review your application within 1 business day. If further information is needed you will receive an email from the Cladding Team specifying the information or documents needed.
- Once you have provided all the information requested by the Cladding Team, they will review your eligibility and send you an email advising of the outcome of your application within **ten business days** after the day on which they received all the information from you. If you have been found eligible for the concessional loan scheme, the Cladding Team the email sent to you will confirm that you will be assessed by Lannock Strata Finance Pty Ltd (Lannock) for the preliminary loan amount of \$110,000 (GST incl) and include:
 - > a Participation Deed, and
 - > an Authority to Disclose OC Details to Lannock.
- You will need to sign the Authority and return to us. Please send the Authority back to the Cladding Team by email at claddingprogram@act.gov.au. You do not need to sign the Participation Deed at this stage.
- Once we have received your authority to disclose, the Cladding Team will send your contact details to Lannock within one business day.
- Lannock will contact you and invite you to a loan information session.
- After you have attended the loan information session, Lannock will send you an information pack about the loan. The pack will include requests for specific credit assessment documents, you will need to provide the requested documents.
- Upon receipt of all requested documents, Lannock will undertake a credit assessment and advise you of the outcome of your loan application. If successful, Lannock will send you a draft loan agreement.



Meeting of owners corporation and signing of documents

- You will have to hold a meeting with all members of the owners corporation to decide whether to:
 - > execute the participation deed with the ACT Government
 - > execute the loan agreement with Lannock, and
 - > authorise signatories to execute the participation deed and loan contract with Lannock.
- If you have any questions regarding the motions or facility agreement, you can:

- > raise these with Lannock (speak to Ruth Smyth at 1300 295 759 or by email at actcladding@lannock.com.au) and/or
- > obtain legal advice from a solicitor (note – up to \$10,000 for the life of the loan may be spent on administrative costs, including strata managers, legal advice, accounting assistance or software).

Please note you must execute the participation deed before Lannock can finalise the loan agreement.

Please remember that you have six months from the execution of the loan contract with Lannock to finalise the investigation and tender stage.

- If you decide to enter into the participation deed and the loan contract with Lannock, you will need to:
 - > send the Cladding Team a copy of the executed participation deed and the minutes of the meeting in which the owners corporation agreed to execute the participation deed
 - > Post the following original documents to Lannock Strata Finance at Unit 18.01, Level 18, 227 Elizabeth Street Sydney 2000:
 - wet copy executed Loan agreement, and
 - minutes of the Meeting in which the relevant resolutions were passed.

- Once both agreements have been fully executed, you need to hire a building industry service provider to take off the cladding and investigate the external wall. On most occasions this will be a builder, but it may also be a façade or structural engineer. The building industry service provider will provide you with a report of the work that needs to be done on the external wall.

Please note some work on the external wall is not permitted to be done using concessional loan funds, including:

- > any changes to windows
- > any pre-existing defects not related to combustibility
- > replacement of extensive mould, and
- > replacement of extensive rotting timber.

Please note any works estimated to cost above \$1 million require the involvement of a project manager. If you think that your costs will exceed \$1 million it may be advisable for you to hire a project manager to assist you with the investigation of the external wall and the tender process.

- Once you have undertaken the investigation of the external wall, you will then need to undertake a tender process to attract a builder who is able to undertake the work needed. In your tender documents you need to include a list detailing the works needed to be done regarding the cladding remediation and the external wall (Scope of Works).

Please note you will start paying interest on all amounts drawn-down in the Investigation and Tender stage.

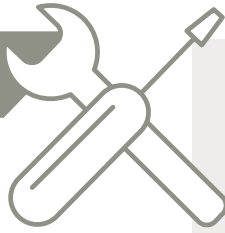
- Once you have undertaken the site investigation of the external wall and the tender process you will need to submit to the ACT Government:
 - > the investigation report of the external wall
 - > the scope of works
 - > the winning tender, and
 - > the proposed building contract.

You can submit these documents to us by email at Claddingprogram@act.gov.au. Please note the name of the building in the subject line along with the words “Concessional Loan - Investigation and Tender Documents”.

- The ACT Government will then review all the documents to make sure:
 - > the documents are internally consistent
 - > the cladding remediation and works on the external wall only include eligible works
 - > any ineligible works not to do with cladding or allowed works on the external wall have been properly identified (please note that it is our preference that eligible and non-eligible works be in separate building contracts)
 - > that the building contract for the eligible works include a milestone schedule, the last of which is at least 10 per cent of the entire loan contract and is after:
 - the Cladding Team has received a Recycling Outcomes Report
 - the ACT Government has issued a Certificate of Occupancy.

- Once the ACT Government has reviewed your tender documents and proposed building contract and is satisfied that it includes all relevant information and the last payment milestone is appropriate, the Cladding Team will send an email to Lannock advising them of this and giving them approval to undertake a second credit assessment.

The Remediation Stage



- As noted Lannock may undertake a second credit assessment if required. However, regardless of whether this assessment is undertaken they will check that you have a source of funds equating to 10 per cent of the building contract to fund any work that is not permitted under the concessional loan.
- After Lannock have undertaken their processes, they will send you another draft loan agreement, which will include any drawn amounts from the investigation and tender stage.

Meeting of owners corporation and signing of documents

- You will have to hold a meeting with all members of the owners corporation to decide whether to execute the loan agreement with Lannock. After this meeting, please send the original wet copy of your executed loan contract, and the minutes of the meeting to Lannock.

Please remember that you have 24 months from the execution of the loan contract with Lannock to finalise the cladding remediation, any make-good works and any works on the external wall.

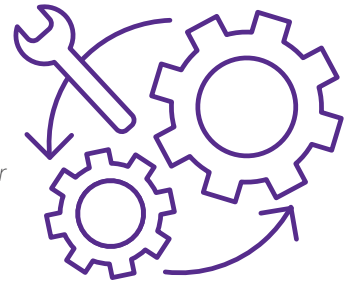
Undertaking the remediation

Choosing your service providers and letting the Cladding Team know

- Remember that you can only contract with architects, builders, certifiers, façade or structural engineers, fire engineers, project managers, and quantity surveyors who are either on the Register of Suppliers or eligible to join the Register.
- Once you have hired your service providers from the above list, you will need to advise the Cladding Team of the name of your service providers. You can do this by emailing the Cladding Team at claddingprogram@act.gov.au.

Payments, the Recycling Report and last milestone payment

- During the remediation you will have to send any receipts to Lannock who will pay directly into the owners corporation nominated bank account so you can pay your building industry service providers involved in the remediation.
- Once the combustible cladding has been removed it must be recycled. Please seek a Recycling Outcomes Report from your builder and send to us before the last milestone payment. Please note the Cladding Team will not approve the payment of the last milestone by Lannock until we have received this report.



Please note if your builder or project manager is unsure what has to be provided as the Recycling Outcomes Report, please ask them to contact the Cladding Team as we will be able to give them advice on what is needed.

- Before the last milestone payment, your building certifier must certify that the remediation works are completed in accordance with the building approval. After this is done, your building certifier will submit to Access Canberra an application for a Certificate of Occupancy. A copy of the Certificate of Occupancy will be sent to you. Please provide a copy of this certificate to:
 - > your builder who can then issue their last invoice, and
 - > the Cladding Team, who will then approve the payment of the last milestone payment.



Remember:

- > to contact the Cladding Team if you have any concerns about the process or the timeframes
- > that you will have to execute at least **three contracts**:
 - the participation deed
 - the first contract with Lannock (for investigation and tender funds)
 - the second contract with Lannock (for remediation funds).

You may also have to enter into another contract with another financial institution if that is how you are obtaining access to a source of funds for ineligible works (10% of the loan contract).

- > that you will need to send **five sets of documents** to the Cladding Team to progress your loan:
 - the application and any supporting documents
 - an executed Participation Deed
 - the investigation report from the external work, scope of works, winning tender and proposed building contract
 - the Certificate of Occupancy, and
 - the Recycling Outcomes Report.



ACT
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