

RESIDENTIAL BUILDING COVER FIDELITY FUND

STEP 1 ELIGIBILITY ASSESSMENT

- Once a year you are required to complete an application form seeking Residential Building Cover. This will need to include information such as your business structure, financial position and history, including a working capital statement and a personal assets and liabilities statement. Estimates of what level of cover you will need for the year ahead including the approximate number and type of projects need to be provided.
- The application is strictly confidential and will be assessed by an independent chartered accountant. The assessment process is free and you will receive a response within 7 to 10 working days.
- You will be advised of the level of cover which has been approved. As the year progresses, if you need a greater level of cover you can apply for a free re-assessment.

STEP 2 FIDELITY CERTIFICATE

- For each building project you undertake you are required to obtain a fidelity certificate. This is like a policy of cover for each build. To obtain the certificate you submit a simple form with the MBA giving details of the specific project, e.g. where it is, who is the owner, a copy of the contract, the value of the build.
- Fidelity certificates will be issued up to the level of your eligibility assessment at any one time. For example if you have an eligibility assessment of \$2 million and you commence four projects at the same time, each with a value of \$500,000 you will need four separate fidelity certificates. You can only obtain a further fidelity certificate or start another project when one of your builds has been completed and an occupancy permit or equivalent issued.
- You must keep the fidelity certificate AND give a copy to the owner and to the building certifier. A fidelity certificate is needed before a building permit can be issued or building works commenced. Payments from the owner can only be received once you have provided them with a copy of the fidelity certificate.
- There is a contribution payable for a fidelity certificate which is based on the value of the building work. The Fidelity Fund has a complete list of fees payable. You purchase the fidelity certificate in the first instance and can recover the cost from the owner/consumer who is the actual beneficiary of the cover.
- If you are undertaking prescribed residential building works as a developer on your own land you are still required to take out residential building cover. The level of cover is discounted because it is only for defective work and not non-completion of work.