



# BUYING YOUR FIRST HOME



**THE PURPOSE OF THIS GUIDE IS TO HELP ASPIRING FIRST HOME BUYERS WHO ARE READY OR THINK THEY MIGHT BE READY UNDERSTAND WHERE THEY SHOULD START AND THE POTENTIAL ASSISTANCE THEY CAN RECEIVE.**

**BUYING A HOME IS AN INVESTMENT IN YOUR FUTURE AND CAN REALLY HELP YOU BUILD YOUR WEALTH OVER THE LONG TERM.**

**MOST OF THIS INFORMATION IS READILY AVAILABLE ON GOVERNMENT WEBSITES BUT A COMPILATION IS ALWAYS HELPFUL!**



# SAVING FOR A DEPOSIT ON A FIRST HOME...

The first step in saving for a house deposit is to set a savings goal. Most lenders will require a minimum deposit for a home loan of at least 10% of the house price. So if you are buying a house worth \$600,000 you'll need to save a deposit of at least \$60,000. There may be some exceptions based on your individual circumstances.

Keep in mind that the bigger your deposit, the less you'll pay in interest over the long term. Loans that are for more than 80% of a property's value tend to have higher charges – as there is more risk for the lender. These charges can vary a lot. Some banks charge for lenders mortgage insurance while others increase the interest rate to cover the risk.

The first step to buying a property is working out what money you currently have to put towards a deposit.

This can be made up of:

**Savings**

**Homestart Grant**

**Kiwisaver contributions**

**Gifts or assistance from family**

Most banks are currently approving home loans with as little as a 10% deposit so if you're currently saving up to hit that 20% deposit mark you might already have enough!

If not, here are a few options you can use to help you come up with the correct deposit much quicker than saving alone, see which ones you qualify for...To find out what assistance you are eligible for. We have the following schemes in NZ to assist first home buyers:

## **Kiwisaver**

<https://kaingaora.govt.nz/home-ownership/kiwisaver-first-home-withdrawal/>

## **First Home Grant**

<https://kaingaora.govt.nz/home-ownership/first-home-grant/>

It pays to visit the website for up to date information on the links above

In short though the eligibility criteria for the packages are:



# KIWISAVER AND FIRST HOME GRANT

## KIWISAVER:

**How much can I get? You can apply to withdraw all your KiwiSaver savings to put towards a home or land, except for:**

- \$1,000 'Kickstart' if you received it.
- Any amount you may have transferred from an Australian complying superannuation scheme (if applicable), and
- Any Government contributions received during any period you lived overseas and didn't have permanent residence in New Zealand.

### **How do you apply?**

The withdrawal is administered by your KiwiSaver scheme provider or relevant complying fund managers and if approved the payments of the funds will be paid to your solicitor/lawyer on the unconditional date or before settlement day.

## FIRST HOME GRANT

### **How Much Can I get**

- If you buy an existing home, you can get \$1,000 for each of the 3 (or more) years you've paid into Kiwisaver or equivalent scheme. The most you can get is \$5,000 for 5 or more years.
- If you buy a new home or land to build on, you can get \$2,000 for each of the 3 (or more) years you've paid into the Kiwisaver or equivalent scheme. The most you can get is \$10,000 for 5 or more years.

### **How do you apply?**

You can apply on the link above.

## DEPOSIT

**the savings that you provide upfront, letting you own part of the property outright. The rest of the agreed sale price can be paid by a mortgage, which is a loan that can be repaid in instalments.**

# SO I HAVE MY DEPOSIT, NOW WHAT?

## YOU NEED A MORTGAGE PRE-APPROVAL... WHAT IS A MORTGAGE PRE-APPROVAL?

A pre-approval is acknowledgement from the bank that you can borrow an agreed amount, provided the property you purchase meets its home lending criteria and general terms and conditions. Pre-approvals often come with conditions you need to satisfy in order to finalise your home loan i.e. Building reports etc.

Having a pre-approval makes it much easier to find a house. This allows you to find properties in your price range with confidence.

## HOW TO GET A MORTGAGE PRE-APPROVAL

You get a mortgage pre-approval by applying to a bank or lender that will assess your financial position and give you an amount that you can borrow up to.

If you are struggling with achieving the 10% deposit, having a property under contract can assist lower deposit applications in getting an approval in certain cases, as the banks/lenders have a property to match your personal circumstances to.

You don't need to get a mortgage pre-approval before finding a property but it definitely helps.

## APPLYING WITH THE BANK VS. MORTGAGE BROKER

You can go directly to a bank and apply for a pre-approval or you can see a mortgage broker and go through the same process.

**A mortgage broker is a free service as they get paid by the banks.** Using a mortgage broker allows you to access all of the banks and other lenders that might suit your specific financial position better with one application form. This increases the chances of a successful application first time.

## OTHER BENEFITS OF USING A MORTGAGE BROKER.

- Independent mortgage brokers are free to use – they are paid by the bank no matter what lender you go with they are more interested in ensuring you get the best bank for your situation.
- They can access multiple banks and alternative lenders  
Mortgage brokers speak the banks language, think of them as the translator between the banks and yourself
- Only one application form to access multiple banks/lenders and best interest rates
- They will negotiate the terms of the mortgage pre-approval on your behalf
- They will negotiate the best interest rates for your mortgages.
- They are registered or authorised financial advisers and can provide you with specific financial advice for your situation and advise you on the best structure to pay your mortgages off quicker.
- They can present your application in the best way to make it more likely to be approved by the banks.



### **MORTGAGE**

**A MORTGAGE IS A LOAN IN WHICH PROPERTY OR REAL ESTATE IS USED AS COLLATERAL. THE BORROWER ENTERS INTO AN AGREEMENT WITH THE LENDER (USUALLY A BANK) WHEREIN THE BORROWER RECEIVES CASH UPFRONT THEN MAKES PAYMENTS OVER A SET TIME SPAN UNTIL THE BORROWER PAYS BACK THE LENDER IN FULL.**

### **NOTES ABOUT YOUR MORTGAGE PRE APPROVAL**

- Your mortgage pre-approved limit is your maximum, it shouldn't be your target. You don't need to spend all of it. It is just the maximum amount that the bank believes you can afford repayments on, and this might not equate to the most comfortable life!
- Spending less than on a smaller property will mean more money to spend on living life and less going to the mortgage repayments.
- Interest rates fluctuate so the smaller your mortgage the less effect higher interest rates will have and the more comfortable you will be.

### **PRE-APPROVAL**

**A LOAN PRE-APPROVAL MEANS THAT A LENDER HAS AGREED, IN PRINCIPLE, TO LEND YOU AN AMOUNT OF MONEY TOWARDS THE PURCHASE OF YOUR HOME BUT HASN'T PROCEEDED TO A FULL OR FINAL APPROVAL. IT ALLOWS YOU TO KNOW YOUR MAXIMUM AVAILABLE FUNDS SO YOU CAN NARROW YOUR SEARCH, NEGOTIATE WITH MORE CERTAINTY.**



# CHOOSING WHAT AND WHERE TO BUY

Your first home may not be your dream home. But it could be an affordable first step on the property ladder.

## WORK OUT YOUR "WANTS" VS "NEEDS" SOME GOOD QUESTIONS TO ASK YOURSELF ARE:

- How many bedrooms do you **NEED** minimum?
- How many bathrooms do you **NEED** minimum?
- What locations do you **NEED** to be in? – Can you compromise a longer commute for a better house or location?
- Do you **NEED** a garage or just **WANT** one?
- Do you **NEED** 1000m2 section or will a townhouse be fine?
- Last of all what can we afford in the different areas?

A lot of the answers to these will put you into different styles of properties in different locations. \$600,000 in Auckland CBD will barely buy you a 50m2 apartment, compared to 15mins from the CBD you could buy a brand new two bedroom townhouse for example.

There's no point owning your own home if you can't keep up with the mortgage repayments. Sometimes dropping a

bedroom or extra bathroom can get you into a nicer location so it's about finding the happy and comfortable sacrifices for your circumstances

Real estate websites are a good place to find out how much properties are worth in different areas.

Seeing as your first home is unlikely to be your "dream home" it is best to also think about it as an investment, as well as a place to live, it's important to think about resale or rental potential.

## CONSIDER THINGS LIKE:

- Is the house close to public transport routes?
- Are there shops and schools within walking distance?
- Does the suburb have a strong rental market?
- Is the property in a good location that will attract high quality tenants?
- Is the property low maintenance?
- What are the school zones like?
- Is there a way to add value to the property through renovations?
- How close is it to other employment hubs or motorway connections that you might not use?
- It's all a compromise between, price, style, location and age of the property.

# WHAT TO DO WHEN YOU FIND A PROPERTY.

Once you find a property you like you can place an offer on it. It is best to speak with a solicitor prior to doing this, or ensure the sale and purchase agreement has a 'Finance approval', 'Solicitors Approval' or 'Due diligence' clause in it that will protect you and ensure that you can get adequate legal advice and sort finance before the contract goes unconditional.

When the offer is signed by the owner and you can pass the agreed sale and purchase agreement to your mortgage broker to get you finance approved for that property. Your solicitor will receive a copy and start their review and advise you of any concerns.

Your lender may require you to get a valuation on the property, this can either be completed during your conditional period if you are buying an existing property or prior to completion and settlement if it is a new build property. Your broker will organise this for you, but might be at an extra cost to you.

Your solicitor will also assist you with your Kiwisaver Withdrawal and First Home Grant applications and ensure these get transferred to their bank accounts in a timely manner.

## OTHER COSTS TO THINK ABOUT.

- Building inspection reports
- Solicitor/lawyer's fees
- Valuations
- Land Information Memorandums/Titles
- Council rates
- Insurance costs
- Other costs based on your circumstances

Just remember that every property you look at buying may incur some costs due to the checks/reports, however, you may not complete the purchase on those properties. So be mindful of how much you spend on these checks, but then again spending a small amount up front can save a lot of expenses and heartache in the future.

**DUE DILIGENCE**  
A COMPREHENSIVE CHECK OF  
A PROPERTY UNDERTAKEN BY A  
PROSPECTIVE BUYER TO CONFIRM  
(AMONG OTHER THINGS)  
PHYSICAL STATE/SPECS ( PLANS,  
LEGAL STANDING AND ACTUAL  
MARKET VALUE. MANY BUYERS  
GET FINAL LENDING APPROVAL  
FROM THEIR BANK DURING THEIR  
DUE DILIGENCE PHASE.



# WHAT HAPPENS NEXT?

Once you satisfy all the conditions of your sale and purchase agreement you will be in a position to go “Unconditional”, you pay the deposit to your solicitors trust account and you are committed to purchasing the property. This is the time for celebration.

**UNCONDITIONAL**  
WHEN YOU SATISFY ALL  
CONDITIONS THAT WERE ON  
THE SALE AND PURCHASE  
AGREEMENT AND GIVE FINAL  
ACCEPTANCE THAT YOU WISH  
TO GO AHEAD WITH THE  
PURCHASE OF THE PROPERTY



# WHAT HAPPENS PRIOR TO GETTING THE KEYS

Prior to getting the keys to your new home, your solicitor will receive loan document from your lender/bank that will need to be signed with them. Your solicitors will advise you if there is any other additional funds required to complete the settlement.

A few days prior to the settlement day you will get to go through your property to inspect it this is called a “pre-settlement inspection”. If it is an existing house, you need to ensure everything is in the same condition as you saw it when you went through it and all the fixtures, fittings and chattels are still there.



If it is a new property, check for defects, damage, sheds, lights working, appliances working etc.

If there are any concerns ensure you bring these up with your solicitors as soon as possible so they can be rectified prior to settlement going through.





# SETTLEMENT DAY

On Settlement day, not a lot happens for you, the paperwork will all be signed and sealed, the money should be all ready to go and it's just up to the lawyers to do their job. Once the transfer of funds and ownership is complete your solicitor will notify you and you will be able to collect your keys and move into your new home!

When you get your keys it's a pretty surreal feeling, knowing it's yours to do whatever you wish too. It's a super exciting time!

**SETTLEMENT DAY**  
**SETTLEMENT DAY IS**  
**THE DAY YOU PAY**  
**THE BALANCE OF**  
**THE PURCHASE PRICE**  
**AND THE PROPERTY**  
**BECOMES YOURS.**

## WHERE TO GO FOR HELP

### - **Kainga Ora website:**

Home ownership

### - **Welcome Home Loan website:**

Low-deposit home loans for first home buyers

### - **Settled.govt.nz:**

Guiding Kiwis through home buying and selling

### - **sorted.org.nz**

for budgeting, mortgage calculators and other helpful guides

### - **Contact your KiwiSaver provider to discuss the KiwiSaver first home savings withdrawal**

# HOW CAN WE HELP YOU



Scottie has nearly 10 years' experience in property investment and sales. Property and finance runs in his blood, he entered the property industry full time after investing in property during his successful and adventurous military career in the Air Force. He is driven to help people achieve their life goals and to be able to live the life they dream of. Scott loves to help first home buyers and investors get into the best housing possible.

If you need assistance trying to find the right home or just have other questions you'd like answered feel free to get in touch via the details below.



The Residential Property Developer

Williams Corporation is a property developer that produces high-quality homes in existing suburbs. Close to environments where people can live, work and play, perfect for homeowners and investors alike. Their high quality, affordable product has extremely high demand and is delivered in industry-leading timeframes. Williams Corporation is one of the largest residential developers in New Zealand.

We believe that owning a home that you can be proud of, an investment that increases your wealth, or a space where you can grow your business shouldn't be so difficult. That's why we carry the same unwavering commitment to quality and affordability through every NZ property we build.

We will develop our cities with beautiful homes that are affordable to buy, affordable to live in and affordable to maintain.





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