



THE COMPLETE STEP-BY-STEP GUIDE TO

# **BUYING YOUR FIRST HOME**



## **YOUR JOURNEY STARTS HERE...**

Thinking about buying your first home? It's an exciting thought and one that could happen sooner than you think, if you get all of your ducks in a row.

From working out your budget and researching a property, through to settlement day and moving in, here's a complete guide to buying your first home. And remember, as mortgage advisers, we can help you every step of the way.

A man in a white shirt is looking down at a pink piggy bank. The piggy bank is on a wooden surface. The background is a teal wall.

# 1

## GET YOUR FINANCES READY

A good way to start is to make sure that your finances are mortgage-ready. Saving a deposit is an important first step, but there are other things you can do to position yourself for a good mortgage offer.

Check your credit score, for example. Is it good enough or can you do something to improve it? Plus, before applying for a mortgage, focus on paying off debt. If you have a personal loan or two, or maybe a credit card, keep in mind that high levels of debt may limit the size of the mortgage you are qualified to borrow.

**Like to get started?** Home ownership doesn't have to be a far away dream. Contact us today: we can go through your financial situation and explore your options with you. Quality advice for your individual needs.

A blue ruler with white markings and a black pen on a wooden surface. The ruler is positioned diagonally on the left side of the page. The pen is lying horizontally below the ruler. The wooden surface has a natural grain pattern.

# 2

## **HOW MUCH CAN YOU BORROW? LET'S FIND OUT**

Your borrowing power is a key number to know.

While most lenders have online calculators to help you work out a rough estimate, a mortgage adviser like us can provide you with a more precise figure – exactly what you need before kicking off your house hunt.

# 2

## HOW MUCH CAN YOU BORROW?

Besides your credit scores and debts, the lender will consider:

- **Your disposable income**

How much money do you have left after meeting all your living costs and other debt costs? Can you reduce some regular expenses and increase your affordability?

- **Your credit card limit**

Even if you pay off your credit card each month or rarely use it, your credit card limit can still affect your borrowing power, as it will be calculated into your available income. If possible, choose a low credit card limit – or get rid of the credit card altogether if you're not using it.

- **The size of your deposit**

As you'll know, you will usually need a deposit of at least 20% to buy your first home as an owner-occupier, and 30% as an investor. However, under certain circumstances, lenders (banks and non-bank) can offer an alternative solution and lend you more than 80% of the required amount.

A close-up photograph of a young man with short brown hair and a light beard, smiling broadly. He is wearing a blue and white checkered button-down shirt. The photo is partially obscured by a grey geometric shape in the top left corner of the page.

# 3

## SECURE GRANTS & SUBSIDIES

KiwiSaver, First Home Grants, low-deposit loans... Any help you can get will go a long way in getting the keys to your first home. Sound like you?

As you'll know, KiwiSaver is helping more and more New Zealanders fulfil their homeownership dreams. If you've been in the scheme for at least three years, you may be able to withdraw part of your savings to purchase your first home. Plus, as a KiwiSaver member, you may also qualify for a First Home grant...

**Not sure if you're eligible?** Once again, get in touch with us. We can help you answer this all-important question.



# 4

## **GET YOUR MORTGAGE PRE-APPROVED**

So, you've got your deposit together and you're rearing to start house-hunting. The next step is to get your mortgage pre-approved, which is also something we can help you with.

**Applying for pre-approval can help cut down stress and organising time**, as you'll be able to know how much you can afford to borrow and the price range for your search.

And importantly, being a written commitment issued by a lender, a pre-approval shows vendors that you're a serious buyer.

# 4

## GET YOUR MORTGAGE PRE-APPROVED

Here are some key things to know:

- Pre-approvals can have conditions attached. They are usually subject to the lender finding the property type and valuation or purchase price acceptable. So don't forget to have your finance sorted before making an offer.
- The pre-approval amount that your lender sets is a non-negotiable figure, corresponding to the maximum they are willing to offer. But of course, you don't have to borrow the entire amount – just what fits comfortably within your budget.
- Most pre-approvals are only valid for a period of three months, after which you may need to re-apply. If your pre-approval is about to expire, get in touch: we might be able to request an extension.

**Want to get pre-approval right from start to finish?** Please don't hesitate to ask for assistance. We can help you put together and lodge a pre-approval application.





# 5

## FIND THE RIGHT HOME FOR YOU

Here comes the fun part: looking for a house that suits your needs and wants.

What property type are you looking for, based on location, property specs and floor plan? What are the non-negotiable features and what are the nice-to-haves?

# 5

## FIND THE RIGHT HOME FOR YOU

Luckily, technology can come to your rescue. Here are four smartphone apps that can make your house hunt easier:

- **OneRoof** - This app collates information on recent sales data and includes an advanced search function based on school zones and commute times.
- **Trade Me** - You can search and browse the property categories, and put properties on your watchlist to stay in the loop with price updates.
- **QV Homeguide** - Features include information on the characteristics of a suburb and a map to show the schools in your home's zone, and even better, you can get information about a property just by pointing your phone at a house.
- **Google Maps** - Probably a given, but having Google Maps on your phone will save you a lot of time - not just when trying to find the property, but also when planning your open homes.



# 6

## **DID WE SAY OPEN HOMES?**

This is when the house hunt really begins, so put on a comfortable pair of shoes and get ready for the weekend open-home marathon.

### **Making a plan**

Add every open home you're interested in into your calendar, then organise the logistics. If possible, group the open homes into areas or suburbs – and make sure times don't overlap. If they do, prioritise the property that looks more promising: you may still be able to see the other one on a different date or even book a private viewing.

# 6

## DID WE SAY OPEN HOMES?

Some key questions to ask:

- What is the sale method? And if it's an auction, can I make a pre-auction offer?
- What is the settlement date?
- What reports or documents are available? (LIM, property title, valuation...)
- What chattels are included in the sale?
- Are there any known issues with the property? Remember: if there are known issues, licensed real estate agents have a duty to disclose them...



# 7

## RESEARCH THE PROPERTY

Are you falling in love with a property? Don't let 'love' blind your decision-making.

Buying a house is a big financial commitment, and you want to make sure you understand all aspects of the property -including any issues.

An open home is a great opportunity to check for damage, mould, cracks or any other potential issues. You can [click here](#) to download Settled's open-home checklist, to use as a guideline.

But remember - as eagle-eyed as you can be, there will be things that you cannot identify. That's where experts (including mortgage advisers) come into play...

# 7

## RESEARCH THE PROPERTY

### **Get a building report**

While buying a pre-purchase building report is not mandatory, it only costs a few hundred dollars, and can save you hundreds or even thousands of dollars in years to come. The report may reveal hidden defects that could turn out to be expensive to repair in the long run.

### **Get a solicitor**

It's important to engage one early in the process, and definitely before going ahead with the purchase. Your solicitor will help you decide the right ownership structure, and will look for any potential issues in the LIM report and Certificate of Title. Plus, they will check the sale-and-purchase agreement, giving you advice on what conditions (if any) to put in it. Lastly, they will manage the settlement process for you.

### **Property valuer**

For your own peace of mind, getting a registered valuation can also be a good idea. Your lender may need one – and it can help you understand what the market value of the house is, so that you know it's worth what you're offering. Your lender will tell you if they require a valuation; they may also require that you use a valuer from their approved providers.



# 8

## MAKE AN OFFER

Found your dream home? Depending on the method of sale, you should be able to make an offer. Exciting, isn't it?

Keep your mortgage adviser and solicitor on speed dial, because now is the time to confirm your finances and understand what the sale-and-purchase agreement entails.

### Confirming your finances

If you have a mortgage pre-approval, this part of the journey will take significantly less time, and you'll be able to move quickly to make an offer. But be prepared to provide the lender with additional details about the property, including proof that you have arranged Insurance before settlement.

# 8

## MAKE AN OFFER

### Conditional or unconditional?

Unless the house is sold at auction, your offer can either be conditional (with conditions that need to be satisfied by a specified date) or unconditional.

Conditions can include a satisfactory building report or finance approval: talk to your solicitor to discuss your options, keeping in mind that offers with the least conditions are usually more attractive to vendors.

### Understanding different methods of sale

Auction, negotiation, tender, deadline sale... There are several different methods of sale in New Zealand, each with its own pros and cons. While buying by negotiation or deadline is pretty straightforward, auctions usually require a fair share of planning, as they are always unconditional. Before starting to bid, make sure your finance is in place and research the property as much as possible.

**Don't forget we're here.** If you have a question or two, please don't hesitate to ask.



# 9

## STRUCTURING YOUR LOAN

On the surface, mortgages look pretty straightforward – amount, interest rate, term. But if you take a closer look under the hood, **there are a variety of options designed to suit different needs.**

Do you want to pay it off as fast as possible? Are you looking for the comfort of fixed repayments for a period of time? Is this property your first step in building your investment portfolio?

These are just some of the key questions to consider. We can help you find the right structure and repayment frequency for your circumstances. Plus, don't forget that, by negotiating with the lender, **we may be able to get you a better interest rate than those advertised.** All this at no cost to you.





# 10

## **GET READY FOR SETTLEMENT DAY**

So, your offer has gone unconditional and you have signed on the dotted line of your home loan. Great stuff!

While you wait for settlement day, why not use this time to tie up loose ends?

### **Protect your investment**

Property Insurance is important, as your house is one of the biggest assets you'll ever have; it is also a requirement when there's a mortgage involved. Get quotes as soon as possible and make sure you read the fine print.

But there are also other types of cover that are important to consider: Life Insurance, Income Protection, Mortgage Protection...

**If you'd like to discuss your Insurance needs, get in touch. We are happy to help.**



# 10

## GET READY FOR SETTLEMENT DAY

**Arrange a pre-settlement inspection** Contact the real estate agent to book in a pre-settlement inspection, usually at least two days before the settlement day. This will allow the vendor adequate time to address any issues.

### **Transfer all services**

These include Internet, gas, phone and electricity.

### **Plan for moving day**

From packing to hiring moving services, having a plan of attack can help make things go smoothly on moving day.

Once again, here's a great checklist to get you started...



# **KICKSTART YOUR PROPERTY JOURNEY WE CAN HELP YOU**

Homeownership can be a rewarding and fulfilling adventure, and as mortgage advisers, we can help you get the right home loan to achieve this all-important financial goal.

**Ready to get started?** Get in touch with us for a chat about your needs. Buying your first home may be closer than you think.

[www.mortgagelink.co.nz](http://www.mortgagelink.co.nz)  
0800 446 784