



# MONEYKART

S I M P L I F Y I N G   F I N A N C E

**Home buying  
made Easy**



# Life is a journey full of major milestones.

Your home is probably one of the big milestones.

Do it right the first time.

You're only a few steps from everything you need to know:

Step 1. Get your deposit sorted and budget right.

Step 2. Understand the loan process.

Step 3. Get the right loan.

Step 4. Understand industry jargon.

Step 5. Understanding the buying process.

Step 6. Costs involved in home buying.

Step 7. Property buying checklist.

*Excited* to learn how to make it happen?

# 1 your deposit .

## *It's all about the Money, honey...*

Buying your first home is something very thrilling and exciting at the same time. For most of us it's the biggest investment and the largest big-ticket purchase of a lifetime. It can be a daunting challenge and very stressful experience at the same time. There's a lot to think about and a whole lot of information to take in. And unless you're a rock star, it means sacrificing some things now, so that you're better off down the track.

### Getting a deposit together

Even if you don't have 20% deposit there are a few options available. Most lenders want you to have some skin in the game, usually at least 10% of the total house price before they'll consider giving you a loan. For example, if you're buying a house worth \$500,000, you'll need to find at least \$50,000 up front. Here's a few ways to get a deposit together that you might not have thought about.

### KiwiSaver

Your KiwiSaver can help get you into your new home. While you can't take out the \$1,000 government kick start, you may be eligible to access yours and your employers' contributions along with any tax credits to help you pull together a deposit for your home. Like most things, there is criteria to meet, including having been in KiwiSaver for a minimum of three years making at least the minimum contributions just to name a few.

### Welcome Home Loan

The government sponsored Welcome Home Loan is available through approved banks and provides up to 90% finance to buy your first home. Not all banks have access to the Welcome Home Loan so check in with your adviser to sort for you. Again, there are thresholds for values, income, personal debt and conditions around employment and credit history.

Chat with your adviser and check out what's possible where you live.

### HomeStart grant

The HomeStart grant means eligible first home buyers can get up to \$5,000 for individuals and up to \$10,000 for couples to put towards a deposit on an existing house and double that for a new build. 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 scheme. The most you can get is \$10,000 for 5 or more years. There are value thresholds which differ by region, along with income limits and some other fine print to go through so check your eligibility.

### Gift from family

A gift of funds from your parents, in-laws, grand parents or siblings also could help towards your deposit.



# *Saving- a good habit*

Lenders (banks and lending institutions) love this. If regular savings have been in your account for at least three months, it shows them you have a pattern of managing your money responsibly.

Saving your way into a deposit is the traditional way, and it shows! The lender can clearly see the regularity of your savings and it reflects on your financial discipline. The more you save, the better it is for you when it comes to borrowing for your home. No pain, No gain; is an old saying that holds particularly true.

## **Have a date, a Money date (with yourself)**

Set aside some time each week to plan the next week's expenses, set a budget and evaluate how you did in the previous week. Just because you've decided to live a more rigorously budgeted lifestyle doesn't mean you're going to take to it instantly. Give yourself time to adjust to the new regimen and be more aware of your expenses.

## **Use a budgeting App.**

Impulse purchases however small and insignificant they might be, tend to pile up and make a significant dent in your budget without you realising it maybe until it's too late. A budget tracking app is an easy way to self-regulate and will go a long way to keep you on track with your savings. Most banks in New Zealand have an expense tracking feature built in into their bank app.

## **Up-cycle and recycle, before buying**

Re-purpose old stuff and ask friends if they're throwing away what you might be in need of before buying something. man's trash in another man's treasure.

## **Stop that Itch to click on the "buy" button.**

Sleep on it before you click. If it still feels like something you "must" have in the morning, only then buy it. Every home is full of stuff that was bought on a "Click" but never used since.

## **Beauty treatments- Your way**

These days there's practically a video for everything on YouTube. Give it a go. You'll end up learning new skills and save heaps doing that.

## **Potluck for Good Luck**

Just because you're on a budget doesn't mean your social life has to suffer. Ditch the restaurant and have friends over for a potluck to cut the cost of eating out. Home-cooked food is always healthier and cheaper too.

## **Get Creative**

Who doesn't love personalized cards and stationery? Make a gift if you have the time. It will be appreciated more by the receiver. Say No to buying generic last-minute gifts online.

## **Quality, not quantity**

For any essentials that you use long-term, you'll be better off buying quality stuff even if it's more expensive. Not having to pay for regular repairs or replacements will save you a pretty penny in the long run.

## **Car-pool or Bike**

Walk short distances if you can. If not try a bicycle. It combines health benefits of exercising while getting you from one place to the other, saves you money and saves the planet as well. How cool is that!

## **Switch it Off.**

Turn off the switch/power button of your fans, lights, laptops etc., while not in use. It will save you quite a bit when your power bill arrives.

## **Get rid of unnecessary subscriptions.**

From magazines and newspapers to TV shows, almost everything is available for free online. So why pay when you can save? Unsubscribe from what you're not using.

## **Quit smoking!**

You'll save money and your health. Call Quitline on 0800778778 or text 4006 if you need help and support to quit smoking.







### Check out this example:

You are couple and living in Auckland earning \$160,000.  
a year as full-time employees.

You have an eye on a new  
house and land package for around \$875,000.

You'll need \$875,000.  
if you want to have a 10% deposit. \*

You've saved \$22,000.  
and are eligible for a HomeStart grant of \$20,000.

You are also eligible to withdraw money  
from your KiwiSaver up to \$30,500\*.  
(\*assuming a Kiwisaver balance of \$31,500)

Your family gift you  
the remaining \$15,000.

You have your deposit of  
**\$87,500**

# 2 Understand the loan process.

Getting a deposit together is a great first step. Now that you're off the blocks there are more hills to climb. We've broken down the process into eight steps.

## 1. Chat with your adviser

Here we'll understand your financial and life's goals and assess what you can reasonably borrow. We'll then hunt through our panel of lenders to find a loan best suited to your needs. You get on with your life, while we do the work for you.

## 2. Create a plan.

Your adviser will get back to you in a few days with loan options to consider. Once you've chosen one, your adviser gets to work preparing and submitting your application.

## 3. Get the green light (pre-approval or approval\*)

With everything going well, you'll get pre-approval in a few days. It usually lasts for two months and gives you a clear idea of what you can spend to purchase your home.

\* if you have already made an offer which has been accepted

## 4. Arrange a solicitor.

Now's the time you should think about getting a solicitor. They'll take care of the legal stuff, including completing checks on the property and council reports.

## 5. The house hunt is on!

We know you've already been looking, but this is when the fun begins. Now you know how much you can spend; you can search with confidence.

## 6. Make an offer

Once you've decided on a property, you can pretty much make your move, which is to make an offer.

There are two types of offers: An **unconditional offer** is an outright offer to buy the property, according to the terms set out in the purchase agreement (unconditional offers are the only choice at auctions).

A **conditional offer** is when your offer to buy has conditions attached—you get to decide the conditions and they could be things like being satisfied with a building report, subject to Land Information Memorandum (LIM) report etc.

**7. Let's make it official** (formal approval) You've found a place and your offer has been accepted! Now all that's left is the paperwork – and your adviser can help sort all that out. During this part of the process, we will negotiate with the bank to secure you a competitive interest rate and cash contributions\*. We will then discuss the loan structure with you to ensure the mortgage is structured and set up just the way you want it.

\* Subject to lender policy

## 8. Settlement Day

one of the best days ever! Get ready to pop the champagne – Congratulations! you have officially become a homeowner.



# 3 Get the right loan.

You're going to want an experienced adviser on your side when it comes to getting a loan. We've been helping kiwis find the right loan from New Zealand's widest range of leading banks and lenders. Our advisers will negotiate with them on your behalf to find the right loan for your situation.

**Negotiate and save** There's plenty of options and product features that come with different loans; offset accounts, redraw facilities, fixed and variable or Flexi. We've got your back. Moneykart's advisers can access home loan offers, talk you through them and negotiate a competitive deal for you. We look to save you fees and interest by finding the right loan and repayment structure for you. We work in your best interest.



## Ready? Apply now...

When you are ready to take the big step, just download the application form from the Moneykart website [www.moneykart.co.nz](http://www.moneykart.co.nz) fill it out and send it to us along with the relevant documents required to support your loan application.

## What documents do I need to provide?

To help make your application process as quick and easy as possible the following documents are required to be submitted with your loan application.

### Documents you will need for home loan application.

- ID – Preferably Passport and or Driver's License
- Evidence of NZ Citizenship or residency
- Address Verification (Bank statements showing address or utility bill held in applicants name)
- 3 Months most recent and consecutive bank statements for all your current & savings accounts
- 3 months credit card statements of all credit cards, store cards and after pay.
- 3 months loan repayment statements (if any personal / vehicle loan held).
- Evidence of Deposit (ie Bank statement/Confirmation of KiwiSaver withdrawal/Gifting letter)
- Evidence of income (ie 3 most recent and consecutive pay slips /Copy of employment Contract, or for self-employed financial statements for last two years) / Rental Assessment or Rental Agreement (for investment property) / Boarder letter (if applicable) \*
- Kiwisaver Withdrawal eligibility letter (if withdrawing kiwi saver for first home purchase)
- Sale & Purchase Agreement of property being purchased.

\*Speak to your adviser to find out if this is required in your case.

# 4 Understand industry jargon

Selecting a home loan can feel daunting. You'd think a loan was a loan, wouldn't you? But there's a surprising number of variations. Broadly there are three types of loans.

## Variable rate loan:

The interest rate varies over the life of the loan. If interest rates rise, you pay more, and vice versa.

Your interest rate can go up or down in line with changes in the market. This option is useful if:

You want the flexibility to make extra or lump sum repayments anytime – which means you could save on interest costs and repay your home loan faster.

You think your circumstances might change in the near future.

**But** If interest rates rise, so will your repayments – so if you're on a tight budget, you may want to consider putting at least some of your loan on a fixed rate.

## Fixed rate loan:

Your interest rate and repayments stay the same for the fixed rate period (from 6 months to five years). Just remember though if interest rates go down you won't get the benefit until after your fixed term ends. This is a good option if:

You need certainty so you can budget accurately.

You don't intend to make extra repayments during the fixed rate period.

**But** It's not as flexible as a floating rate loan – if you make an extra repayment on your loan that is the first extra repayment in that year, and it's no more than 5% of the loan amount you owe on your loan when the repayment is made, you won't be charged an early repayment recovery.

## Split loan:

You're able to fix part of your loan and leave the rest variable. It's like the best of both worlds.

## Flexible:

Put all your available money into this all-in-one home loan and transaction account. You could reduce your interest costs and may pay off your loan sooner. It gives you access to credit when you need it. This is useful if:

You want flexible access to credit.

You plan to credit your salary or other income to the account to reduce the outstanding balance and save on interest costs.

You're good at managing your money. **But** you need to be disciplined with your finances to get the best out of this option.

## Interest only loan:

Interest only loans are ideal to cover short term situations. For example, you may need bridging finance while another home is being sold or for an investment property. You only pay the interest on the money you have borrowed for an agreed time. At the end of the interest only term you repay the whole loan or could request to switch to a loan where your repayments are then made up of both interest and principal (the money you borrowed).

## Construction Loans:

If you want to build a home, this could be the loan for you. Construction loans start as an interest only loan with a maximum limit that can be drawn as progress payments are required by the builder. Typically, at conception, the loan may only be drawn sufficient to fund your section purchase. However, the loan 'limit' will be set at a level sufficient to cover your section purchase (if required) plus the amount of your fixed price build contract, or build budget, depending on the nature of your project. At completion of the build, your loan will be converted to a standard table, interest only, reducing or revolving credit loan or combination of these as required and approved prior to commencement of your build project. [Speak to your adviser to find out the best option to go with your financial goals.](#)

## Offset account:

Uses your savings to help cut down the interest you pay. Your savings and your credit accounts are linked – and instead of earning interest, your savings are subtracted from your mortgage balance and boom you're paying interest on a lower amount.

## Redraw facility:

This allows you to make extra payments whenever you want, but also take the extra out if you find yourself in a pickle and need cash urgently.



# 5 Understanding the buying process.

First time buyers will face a multitude of emotions: excitement, anxiety and confusion to name a few – all of which may cloud judgment when it comes to making big decisions. Solid preparation and a knowledge of the process will put you on the right track to buying the house of your dreams.

The first step in home ownership is knowing exactly what you can afford to buy. Your Adviser will inform you of your loan amount eligibility so that you know where you stand financially from the beginning - this will help when it comes to formally approving your loan. During your search, you may come across a few different buying methods of purchasing property. Here are the three most common:

## **Auction**

Unlike the tender, you are openly bidding against others interested in the same property. If you win, the offer is considered unconditional which means you can't back out of it. View the property before attending any auction and if you are serious about bidding, it is a good idea to do your due diligence first by investing in a building inspection and meth testing beforehand. It is important to leave the emotions at the door and have a maximum price in mind and not to go above.

## **Offer and Negotiation / Private Treaty**

Similar to tender, but the house will have a publicly known value. The buyer can negotiate back and forth with the seller over the price and conditions. This allows for the buyer to have more control and put more conditions on the offer before committing.

## **Tender**

This is a blind offer for a property that does not come with a price tag. Interested parties make an offer in writing to be opened by the vendor on an agreed date. You will not know the competing offers or the house value – unless independently surveyed. Your offer may come with a list of conditions, but you could potentially be bidding against someone with a similar offer without conditions. For that reason, the sale may go in their favor.



# 6 Costs involved. In home buying.

Whether it's your dream home, or the dream you can afford right now, owning is a big but exciting commitment. Below is a list of things you may have to pay for, in addition to the purchase price, in the process of looking for, buying and moving into a new house.

You may not incur all of these expenses, and some of these house buying costs can be spread out over a year (e.g., House insurance), or added to your mortgage if your bank will lend you a little bit more than the house purchase price. Otherwise, you will need to have this money available.

Expense	Amount
Valuer	\$500 to \$800
Pre-Purchase Building Inspection	\$450 to \$1,000
LIM	from \$250
Engineering Report	from \$450
Legal fees	from \$800
Share of rates already paid by the vendor	Varies - can be as much as 25% or the annual rates bill. But is usually around \$100 to \$1,000
Home loan application fee	\$0 to \$500
Low equity premium (if you borrow more than 80%)	up to \$3,500 - this is added to your mortgage
Life, Income Protection and/or Mortgage Insurance	\$500 - \$1,000
House Insurance	\$500 - \$1,500+
Connecting gas, electricity, phone and Sky TV	\$300 to \$1,000
House moving costs	up to \$500 (across town) up to 3,500 (across country)
House Hunting Costs (Petrol, taking time of work, mobile phone calls to agents etc)	Varies - is never \$0

# 7 Property buying checklist.

Determine the must – have features in your home and those that you can live without

	Essential	Preferable	Handy
<b>LOCATION</b>			
Close to work			
Close to schools			
Close to parks			
Close to amenities			
Close to sports grounds			
Close to public transport			
Close to family & friends			
Close to entertainment			
<b>INTERNAL FEATURES</b>			
Number of Bedrooms			
Number of Bathrooms			
Separate Dining room			
Separate children's rumpus			
Open plan layout			
Study			
Modern Kitchen			
Heating			
Air conditioning			
Storage			
Guest Room/area			
Wardrobe/storage			
Gas Cooking/heating			
<b>EXTERNAL FEATURES</b>			
Fully fenced yard			
Double garage			
Outdoor area			
Off street parking			
North facing			
Swimming pool			
Security system			
Renovated & Landscaped			
To be Renovated & Landscaped			
Low maintenance			
Street Lighting			
Neighbours/Neighbourhood			

# Why Moneykart?

We are proud to have helped many New Zealanders purchase their dream home. Now we would like to do the same for you.

## What makes us different?

Getting a Home loan can be quite a puzzle. We understand that. Our mortgage specialists help you put pieces of the jigsaw puzzle together.

## Many Lenders

Our advisers can put together a variety of loan packages because they have access to a wide range of bank and non-bank lenders. Our Advisers can help in getting the best fit for your individual needs.

## Competitive rates

Our advisers deal with multiple lenders. Due to this our advisers are better placed to negotiate sharp rates and discounts from lenders on behalf of our clients, therefore as advisers we are often better placed to negotiate a better deal for you from your own bank!

## Speed & Convenience

Our advisers work around the client's schedule 24x7 to make the process as easy and convenient as possible.

## Multilingual

We are multilingual. All the members of our team can speak more than two languages, so we can communicate with you in your own language.

## Our Approach

We come to you and begin by listening to understand your unique situation and needs. We follow the six-step process in understanding your goals and putting the appropriate plan in place. Once we understand your needs, we will review your position and what you are looking for. We will provide you with relevant information on all options open for you. Be it about interest rates, types of loans, lenders etc., We will then recommend the best solution based on your current situation tailored for your present needs.

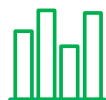
## Professional Advice

Our advisers are trained to offer professional consultative advice and solutions that are tailored to each client's needs. We work with you and for you all the way.

## *We work for you.*



We're focused on getting you approved.



Ability to negotiate a competitive deal from a large panel of banks and lenders.



No cost\* – we're paid by the lender, not by you.  
\*in most situations

Make the right call.  
Talk to a Moneykart adviser today!  
And get the experts on your side.

Moneykart Limited

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