

# Free Home Loan Help



Our advisers will help you find the right home loan for your needs.

HBME2020



Website: [www.moneykart.biz](http://www.moneykart.biz)

M:022 09 65278 (MKART) Ph:09-8277887

Email: [info@moneykart.co.nz](mailto:info@moneykart.co.nz)

**Integrity | Expertise | Customer Focus**



## Home buying made easy

*A guide to home buying*



**Integrity | Expertise | Customer Focus**



## Contents

|                         |         |
|-------------------------|---------|
| Your Deposit            | page 4  |
| How much can you afford | page 5  |
| The Approval Process    | page 6  |
| Ready to apply?         | page 7  |
| Home loan types         | page 8  |
| Managing your home loan | page 9  |
| A-Z of Common Terms     | page 10 |
| Protecting your assets  | page 13 |
| Pre move Planner        | page 14 |
| Success Stories         | page 15 |

## Success stories

We believe that *our story* is best told by *our clients*. After all, *their success is our story*.

"Thanks a lot for your help with our first home. It was great service from you".  
Taslim

"Raj has been very helpful and has put in a lot of time and effort in guiding us through the process in getting us the loan. We thank him sincerely".  
Dianne & Cushla

"I have no words to express our happiness at becoming home owners. This was possible thanks to your help and guidance. May the Lord Bless you".  
Rosaria & Tobias

"I feel so relieved. Thank you Rajesh for sorting our home loan and simplifying a complex holding structure". Venkat & Sangeeta

"We were new to the country and to property buying. Rajesh really hand held us through the entire process and made it a smooth and stress less for us".  
Sujan & Reneeta



# Pre-Move Planner Checklist

## Movers check

- Confirm your removal date with the Movers
- Return completed forms (if any) to the Movers
- Do you require to arrange house cleaning – do you have time to do this?

## Ensure to discontinue the following

- Newspaper delivery / Telephone / Gas and electricity with your final readings / Water and council services

## Advise change of address to

- NZ Post – redirection of mail/transfer motor vehicle registration
- Bank/building societies – to transfer accounts
- The Electoral Registrar / The Inland Revenue Department
- Insurance company - household, vehicles, health and life policies
- Hire purchase suppliers / Credit card companies
- Publications to which you subscribe / Stores where you charge accounts
- Your solicitors / Clubs to which you belong
- Police Department if you hold a firearms license
- Doctor for a copy of your records/files
- Dentist for a copy of your records/files
- Schools – arrange for copies of the children's records/status
- Advise Relatives, friends and others on your contact list of your new address
- Place ad for garage sale / Arrange for Movers to move your pets
- Contact your local council for an animal license/Hydatid control

## Just prior to the move

- Remove all food from the refrigerator / Defrost the freezer
- Empty fuel and oil from mowers / Purge gas bottles
- Clean out medicine cabinet and dispose unwanted medicines in a safe way
- Have your T.V. aerial taken down and dismantled
- Anchor the drum of the automatic washing machine – consult your appliance dealer if you require assistance
- Disposal of furniture that is no longer required, or arrange to store excess furniture
- Sort out the garage
- Return any borrowed items and garden tools
- Keep aside jewelry, money, valuable documents, travel documents, collections, to take in your possession / Lock up the pets if required
- Arrange for someone to mind the children on move day
- Has your new house been cleaned prior to moving in

# Moneykart *Simplifying Finance*

Have you always dreamed of owning your own home? Not sure where to start?

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.

At Moneykart, we understand this only too well. This booklet is designed with you in mind, to provide you with useful information and guide you through the process.

We'd love to be part of your home buying journey adding you to our long and ever growing list of first home buyers and others that we've helped get into their dream home.

## Our Approach

We begin by listening to understand your unique situation and needs. Once we understand your needs we will review your position and what you are looking for. We will obtain all information necessary to put together your loan application. We will provide you with relevant information on all options available for you. Be it about interest rates, types of loans, lenders etc. We will then recommend the best solution based on your current situation that is most appropriate for your present needs.

## With you, all the way

Once you are happy with your options and want to proceed with the application, we will put together your application package for submission to the lender (s) for assessment. We will not only find the home loan that is in your best interest; we will also help you structure your loan to ensure it is optimized for you. We go the extra mile for you. We negotiate on your behalf with the lenders and interface with other service providers like solicitors and real estate agents on your behalf.



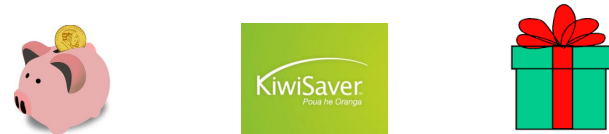
# Getting Home ready

Now that you've decided to buy your own home, you need to make sure that what you want to buy is within your range.

## Your Deposit

The price you pay for purchasing your home is made up of two parts

- i) The sum you will have to contribute towards your home. This is called a Deposit  
Your deposit could be made up of



Your Savings + Your Kiwisaver + Gift from Family

- li) Your home loan or Mortgage. You will need to get this approved from the lender.

Even if you have less than the required 20% deposit there are a few options available.

The three main schemes that are available if you're a first home buyer are:

### Welcome Home Loan

Handy if you don't have the 20% deposit.

### KiwiSaver withdrawal\* for first home

You may be able to put some of your KiwiSaver savings towards your first home.

### Home Start grant\*

You may be able to get a grant towards your first home. A Home grant can provide you a lump sum of between \$3000 to \$10,000 per person. To be eligible you will need to be a contributing member of Kiwisaver for at least three years with an income within the maximum threshold level. House price caps also apply. [For more details talk to your adviser.](#)



Your Savings + Your Kiwisaver + Gift from Family + Home Loan = **YOUR HOME**

\* Kiwisaver withdrawal may be available to pay deposit. Kiwisaver withdrawal is subject to application

This is a general guide. The process may vary a little if you are buying a house & land package, off the plans or at auction. **Your adviser will guide you through the process.**

# Insurance- Protecting your assets

Having made the biggest investment of your life, It is important you don't forget to protect your home or investment against the unexpected situations that life might throw at you. But it is not just the material possessions that need protection.

You are the most valuable asset for yourself and your family, so it makes sense to protect yourself from life's unexpected events.

Come to think of it as age silently creeps up on you and your responsibilities increase, you begin to realize that life is not a single straight journey. The journey of life comes with a number of twists and turns. Therefore to "expect the unexpected" in life is more a norm rather than an exception.

The house that you so lovingly transformed into a cosy home is probably your other most important asset. Our Insurance solutions are designed to provide you with "**peace of mind**" that comes with the secure knowledge that should anything unexpected happen to you, your family and home will be protected. From the many insurance solutions, available we will assist you in identifying the one that is best suited for your needs.

|                                     |                             |                               |
|-------------------------------------|-----------------------------|-------------------------------|
| Life Insurance                      | Total Permanent Disability  | Mortgage Protection Insurance |
| Trauma / Critical Illness Insurance | Income Protection Insurance | Medical / Health Insurance    |

## Home and Contents Insurance

Home and contents insurance cover your property and possessions from damage up to an agreed value. Each policy is different so you need to check what is covered before you opt for it.

## Landlords Insurance

This insurance provides cover to landlords renting/leasing out their property to tenants. In general, the covers available are Accidental damage, Vandalism and malicious damage, Loss of rent due to property damage, rent default, and replacement/rebuild in case of complete destruction.

[Speak to your adviser for a review of the cover that you have and to find out more about the options that may be available that may be better suited for your needs.](#)

**Possession Date:** The date on which the buyer physically takes possession of the property.

**Settlement Date:** The date on which the property is fully paid for by the buyer. It is usually the date of possession but may not be necessarily so.

**Sales & Purchase Agreement:** It is the written contract for the sales & purchase of a property between the buyer and the seller. It is a legally binding document once signed and both parties are bound by its conditions.

**Tenants in Common:** A form of land ownership in which several owners have undivided possession of the land so that none of them is entitled to exclusive possession of any part of the land. On death of one of the owners that persons' shares passes according to their will.

**Tender:** Prospective buyers make written bids. However, the seller is not required to accept any of the bids. In an "open tender" bids are opened when received- There is no deadline. In a "closed" tender bids are opened only on the specified date & time. Closed tenders are also known as "sealed tender".

**Term:** The period over which a loan is to be repaid to the lender or the length of time of a lease.

**Unit Title:** Where apartments or flats are individually owned as a unit title but common areas (stairs, driveways etc.) are owned and administered by a body corporate. A unit title is also referred to as a "strata title" or "stratum estate". It can either be in fee simple (freehold) or leasehold.

**Vendor:** Seller



## How much can you afford?

The dollar amount of your deposit and the dollar amount of your home loan determine the total amount you can pay towards a house. Your loan amount depends on your 'ability to repay'. The bank will look at what you earn and what you spend to calculate what you can borrow.

When you apply for a home loan, the bank examines a number of factors before approving your application. Some of them are:

- Your income and its continuity
- How many dependents you have?
- What other debts and financial obligations do you have?
- Your spending patterns. Are you responsible with money?
- How much surplus you have to put towards repayments?
- Will you be able to cope with repayments should interest rates rise?
- Your overall financial position
- Your credit rating

## Become a desirable borrower

The more 'desirable' you can demonstrate yourself to be, this will improve your 'lendability' and also have a bearing on the likelihood of your loan being approved. You can do this in several ways. These include but are not limited to:

- Demonstrating a regular savings pattern
- Paying off any high interest debt like hire purchases. Such debt reduces your loan serviceability thus affecting the loan amount you would be eligible for.
- Reducing the number of credit cards and /or their limits. The larger your credit card limit, the less you'll be able to borrow to buy a house, regardless of what's owing on your card. For example

| Credit Card Limit | Reduction in Borrowing Power |
|-------------------|------------------------------|
| \$5,000           | -\$28,000                    |
| \$10,000          | -\$47,000                    |

- Limit your discretionary spending. Get rid of multiple magazine subscriptions. Cancel the gym membership if you aren't using it as you should.
- Pay off any money owed to any government agency like Inland Revenue. This could hinder you getting a loan.
- Check your credit rating. And sort out any issues it might throw up.

# The Approval Process

- First Appointment.** Discuss home loan needs with your adviser and choose appropriate facility
- Complete Loan Application** and provide all supporting documents required to process the application
- Your adviser will **prepare your application** and submits to the lender for approval with all supporting documents
- Loan conditionally pre-approved.** Your adviser will inform you and advise you of conditions
- Property Identified.** Inform your adviser with details and he will inform the lender to ensure that the property is acceptable and meets lender criteria
- Loan fully approved.** Your adviser will contact you to give you the good news and also advise your solicitor and other interested parties
- Lender sends loan documents to your solicitor.** Solicitor ensures documents are in order. Contact your solicitor to arrange for signing the documents and returning to lender
- Take out **Home Insurance** and provide certificate of currency to your adviser and solicitor before signing the loan documents
- Solicitor sends signed documents & insurance confirmation to lender to arrange settlement. Solicitor also ensures you have enough funds to complete the purchase
- Pre settlement inspection. It is important to inspect the property on the eve of settlement to ensure it is in the same condition and includes all chattels etc. as per your Sale & Purchase agreement
- Settlement. Congratulations! You officially become the owner of the property and your mortgage begins on this day.



**Contract:** The Contract is the “Sale & Purchase Agreement” that is binding and enforceable.

**Conveyancing:** This is the work carried out by the lawyers to transfer ownership of the property from one person to another.

**Deposit:** This is the proportion of the purchase price (usually 5-10%) that is paid by the buyer when the agreement is signed or the conditions in the agreement are met.

**Discharge:** When a mortgage is discharge, it is repaid in full and formally removed from the title making it a “clear” title.

**Easement:** A right over the property of another, such as drainage easement over a neighboring property or a right of way.

**Equity:** The amount of the property value that the owner actually owns outright, rather than owes to the lender. E.g.: if a property is worth \$400,000 and the mortgage owing is \$100,000 then the owner's equity is \$300,000 (or 75%).

**Fee Simple:** The title to a property where there are no restrictions in the manner in which it can be held, kept or inherited.

**Freehold:** This usually refers to the land on which there is no mortgage left.

**GV:** Commonly known, as Government Valuation is the property valuation carried out by the Council for Rates purposes. The GV has now replaced the Ratings Valuation RV.

**Joint tenancy:** Two or more persons own the property. On the death of one of the owners, that person's share of the property automatically passes to the surviving owner(s).

**Leasehold:** Land, which is rented (leased) from a owner.

**LIM report:** A Land Information Management (LIM) report is issued by the local authority (council) giving details about the property such as rates owing, consents & drains and other noting pertaining to the property & its immediate surrounding. LIM report is used for property with an existing building.

**Mortgage:** A charge over the property of another given as security for a loan. It is a commonly used term for a home loan. There are various types of mortgages.

**Mortgagee:** The lender taking a mortgage.

**Mortgagor:** The borrower giving a mortgage.

**Nominee:** The person nominated by the buyer to complete the purchase and buy the property.

## The A-Z of Common Terms in the Process

**Auction:** In an auction, potential buyers bid against each other to purchase a property. Auctions are held at site of the property or at the Real estate agent' office. Auction sales are always unconditional. Usually a 10% deposit is required to be paid at the fall of the "Sold" hammer.

**Body Corporate:** This is a term used in relation to apartments. The Body corporate is the owner's group that supervises the building maintenance, collects & pays insurance premiums and supervises the use of common areas.

**What is Cross Lease:** A cross is a piece of land, which has a number of dwellings built on it and is subject to a registered lease. The Landowners own the land together in shares and lease the area of the land under and around their dwellings back to each other.

**Certificate of Title:** Is a document showing the legal ownership of the property or land.

**Cross lease title:** Each owner holds a "Composite" certificate of title, which records the land share plus the lease. The lease is usually for a period of 999 years and the share corresponds to the number of dwellings units on the property. The cross-lease plan is attached to the certificate of title and shows the dwellings as "Flats".

**Caveat:** It is a warning notice registered against the title to the land that another party may have an interest or right on that property that will prevent the title to the land being transferred to anyone else.

**Chattels:** Are items of moveable property that are included in the sale. E.g.; Carpets, Curtains, Stove etc. Chattels to be included in the house sale must be listed individually in the agreement.

**Code of Compliance Certificate (CCC):** The CCC is issued by the local authority (city council) stating that the building complies with the provisions of the Building Act and the Building Permit issued to carry out the work.

**Conditional/Unconditional:** The Agreement can be either "Conditional" or "Unconditional". A conditional contract has conditions such as finance approval, LIM report, Builders report etc. which have to be satisfied before the contract can become binding on both parties. An unconditional agreement is a contract that is not bound by any conditions.

## Ready? Apply now...

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

1. **ID-Passport copy** Or NZ Driver's license and Credit /Debit card with your name on it. If you are not born in NZ then proof of NZ Citizenship or residency is required.
2. **ADDRESS PROOF**– Copy of utility bill or bank statement with name & address.
3. **PROOF OF INCOME** (Personal Wages/Salary earners)  
Three most recent payslips or IRD Personal tax Summary  
Employment contract or a letter from your employer confirming your income.  
**PROOF OF INCOME** (Business/Self-Employed)  
Two year IR3 Summary (If you are a part shareholder as opposed to whole owner)  
Two years financial statements:  
Income Statement  
Balance Sheet
4. **RENTAL INCOME**- Rental Assessment or Rental Agreement (for investment property)
5. **BOARDER INCOME** – Boarder letter (ifapplicable)\*
6. **PROOF OF EXPENSES** - Three Months Bank Statements of all Bank accounts including check and savings accounts.
7. **CREDIT CARD** - Credit Card statements-3 months statements of all credit cards & Store cards held (including GE Money, Farmers, Warehouse, Q card etc)
8. **PERSONAL LOAN** Statements- 3 months loan repayment statements (if any personal / vehicle loan held).
9. **KIWI SAVER** balance statement (if withdrawing kiwi saver for first home purchase)
10. **Sale & Purchase** of property being purchased

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



## Home Loan types

Broadly there are three types of loans.

**Fixed:** Your interest rate and repayments stay the same for the fixed rate period (from 6 months to five years). 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.

**Floating:** 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.

**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:** 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.

## Managing your home loan

**Make extra mortgage repayments.** If you can afford to, consider: Paying a bit extra each time you make a mortgage repayment, and/or Making a lump sum repayment if you come into a bit of money (for example if you get a tax return or a bonus).

**How much extra can you pay?** That depends on the kind of mortgage you have: If you have a Floating Rate or Flexible Home Loan you can make extra payments any time you like and as much as you like, with no fee. If you make an extra repayment on your Fixed Rate home loan and no more than 5% of the loan amount you owe then you will not incur an Early Repayment cost\*. An Early Repayment Admin Fee may apply\*. *\*Varies depending on lender*

**Make repayments frequently.** By making repayments more frequently (e.g. fortnightly instead of monthly) you actually repay slightly more over the year. That reduces the amount you owe (your principal) faster, which in turn reduces the overall interest you pay.

In the example given below, based on a home loan of \$400,000 at an interest rate of 6% p.a., switching from monthly to fortnightly repayments would mean save you \$98,000 in interest – and you'd repay your mortgage 6.5 years faster! The example below is also based on the assumption that the 6% interest rate remains the same for the duration of the loan.

| Repayments                            | Monthly   | Fortnightly |
|---------------------------------------|-----------|-------------|
| Your repayments:                      | \$2,400   | \$1,200     |
| Total annual repayments:              | \$28,800  | \$31,200    |
| <b>Time taken to repay your loan:</b> | 30 years  | 23.5 years  |
| <b>Your total interest cost:</b>      | \$463,000 | \$365,000   |

**Should you put extra money into savings instead of repaying your mortgage?** It's your choice and the answer is different for everyone – some people prefer to focus on reducing debt; others prefer to build up some savings as well. However, keep in mind that the interest you save on your mortgage may be more than the interest you'd earn in a savings account.

**Keep your mortgage repayments the same if interest rates fall** If you have a Floating Home Loan and interest rates fall, your repayments will automatically reduce. But if you want to, you can keep your payments at the same level. That extra money will go towards reducing your principal, which means you'll pay less in interest and repay your mortgage faster.

**Revolving Credit Facility** If you're disciplined and good at managing your money, a Revolving credit facility, also known as Flexible Home Loan can be a good way to get mortgage-free faster. It is like a normal transaction account and home loan in one. Interest is calculated daily and charged monthly, so by keeping as much money in the account as you can at any given time for as long as you can, you can reduce the overall amount of interest you pay – and repay your mortgage sooner.