



Our experts have the keys to open doors to *your* property



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Home buying made easy



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## 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

"Thank you Raj for your help and guidance in getting us into our first home. We really appreciate all the work you put in for us." Jane & Marvin



## 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 number of different buying methods of purchasing property. Here are the three most common:

### 1. 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 favour.

### 2. PRIVATE TREATY / OFFER AND NEGOTIATION

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.

### 3. 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.

## BUILDING AND METH INSPECTIONS

Congratulations on finding your dream home. It is a huge achievement and undoubtedly a big investment. This could potentially be your abode for the next five to ten years or more, so it is wise to have the property fully inspected before its too late.

## ADDITIONAL COSTS FOR FIRST TIME BUYERS TO PLAN FOR

First time buyers should be aware that there are often additional costs associated with purchasing a property. Building and Meth inspections are not obligatory, but are highly recommended to identify existing problems before purchase rather than foot a hefty bill to rectify the problem afterwards. There are generally certain legal and loan establishment costs that your lender will pass onto you, so it is advisable to ask about such fees in advance. Lawyer fees will also need to be factored into your costs. Before you purchase a property, it is important to purchase a Land Information Memorandum Report (LIM) and go through it with your lawyer. The report cost varies around \$250 to \$400. A LIM Report is a summary of information that the council holds on a property. Another useful source of information is a Property File, which includes information on building and drainage and building consents. Your solicitor or conveyancer may advise you to obtain a new survey of the property which will add further costs.

## 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.](#)

**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

**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.

## 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.

## Financial Assistance for First Home Buyers

Getting together a large enough deposit to buy a home can be a big barrier for first home buyers. You may be able to get government help to buy your first home if you're a KiwiSaver member. First Home Products can help eligible first-time buyers, with a grant to top up their deposit, or with a low-deposit home loan.

### First Home Grant

If you've been contributing to your KiwiSaver for at least three years, you may be eligible for a First Home Grant. How much you receive depends on things like your income and the type of home you want to buy.

You can apply either before you find a property or after you have had an offer accepted, but we strongly recommend you apply for pre-approval. It takes the guess work out and helps speed up the process.

### First Home Loan

If you are finding it difficult to meet the bank deposit requirements, a First Home Loan can make it easier for you to get into your first home by lowering the required deposit to 5%. First Home Loans are issued by selected banks and other lenders, and underwritten by Kāinga Ora. This allows the lender to provide loans that would otherwise sit outside their lending criteria.

- Kāinga Ora Eligibility and other Criteria apply

### First Home Partner

If your deposit and home loan aren't quite enough to get you into your own home, you can purchase your home in a shared ownership. First Home Partner can help bridge the gap if your deposit and home loan aren't quite enough to buy a new home. The First Home Partner is a shared ownership scheme to help aspiring first-home buyers. If your deposit and home loan aren't quite enough to buy a home that meets your needs, you may be eligible to purchase a home together with Kāinga Ora.

- \* Kāinga Ora Eligibility and other Criteria apply

## 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's 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.

## 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.

## 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.

## 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 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.

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 (if applicable)\*
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.