



First Home Buyers

Clear advice on how to cut through the clutter and get into your home!

Buying your first home can be daunting. Fixed, Floating, Revolving Credit, Offsets, LVR, and that's just getting finance. Lawyers, Building Inspectors, LIM & Titles and Real

Estate Agents – it can all be rather overwhelming. Below we have summarised the stuff you really need to know when you are starting out.

1

What's important to you?

When you're buying your first house, it's unlikely that you're going to be able to tick all the boxes and get your dream house first up.

We suggest writing down 10 things that you would really love in a house, including 3 non-negotiables. If you're a couple, both do it, and this might mean both compromising!

Then when you start visiting open homes, you have some clear criteria on what you are looking for.

2

Get Kiwisaver smart

In New Zealand, being able to use KiwiSaver can provide you a massive leg up. The key bits:

- You must have been a contributing member for 3 years;
- You must be actually planning on living in the house.

The First Home Buyers Grant is great for those that are eligible too. For an existing house, this will give you \$1,000/year for each year you have been contributing, to a maximum of \$5,000. For a new build, this doubles.

So potentially, if you are a couple, you might be able to get \$20,000 from the government towards a new build – not bad on top of your KiwiSaver balances!

[Click here](#) to read the full eligibility criteria for the grant.

3

Getting finance

Getting pre-approved for finance gives you the knowledge of how much you can actually spend on a house. It is not ideal to start shopping around, then finding out that your actual budget is lower and having to look at houses in a lower price bracket – they won't compare!

We're a little biased, being brokers ourselves, but using a broker makes sense – they work on your behalf and have options with multiple lenders, meaning you can get a home loan that's just right for you.

Most brokers will give you advice on how to structure your home loan as well, to suit you, rather than to suit the bank.

Also, remember being approved for an amount is one thing, but it's important to consider how much you feel comfortable coming out of your bank account each week to pay for it.

4

Putting in an offer

Things start to get daunting here. Often, this is your first experience in really negotiating. Something to keep in mind – the Real Estate Agent is getting paid by the vendor to get the best price for them.

Work within your budget, and possibly don't max yourself on your first offer so you have some room to move.

Deadline Offers are slightly different, in that (as the name suggests!), there is a deadline for when all offers must be presented – much like a blind auction. So you really need to put your best foot forward with this. Again, you should only offer what you are actually happy spending on the house and be comfortable with this.

Conditions are your friend. You should always have a finance condition, even if you're pre-approved, the bank has to approve the property that you are buying to make sure it's suitable to them.

A LIM (Land Information Memorandum) and Title condition is normal – your solicitor can then review these documents and make sure there is nothing unusual with the property.

A Building Inspection Condition is also a good idea, having someone qualified look over the house and make sure it's all in order. You can then use this to negotiate if there are things that need fixing.

Sometimes you may want to get a valuation as well, other times the bank will make you do this (if you have less than 20% deposit).

5

Ongoing costs

It's important to consider when buying a house that there are some ongoing costs of ownership:

- Rates – usually billed to you quarterly
- Home Insurance – the bank will require you to have this to give you finance
- Maintenance – now you're not renting, you've got to pay to fix anything that stops working!
- Income Replacement – we're believers that you should already have this, but usually getting a home loan is a trigger for people to get this in place so if they can't work, they still have money to pay their home loan and live.
- Will – now you own a home, you should do the adult thing and get a will in place, so if you pass away it doesn't leave your family with a messy process.