

## Home Buyers Information

Buying your home can be a daunting process, so we have put together information to assist you. It covers all the major steps, from getting your mortgage pre-approved, to finding the house, and sorting out the legal paperwork.

### **Arrange a pre-approved mortgage**

- Getting a mortgage pre-approval means you can **hit the market with certainty of finance behind you!!**
- At 24seven Mortgages we will arrange this for you.
- This effectively lets you know your maximum purchase price and will save disappointment if you look outside your price range.
- Keep your maximum price **confidential** otherwise you could lose your negotiation ability if your real estate agent knows your figure.
- Pre-approved finance still has conditions that have to be satisfied (you are not a cash buyer).
- Your offer should be subject to finance however if you absolutely have to make an unconditional offer there are items you and/or your Solicitors need to check out before you commit to your purchase.
- There is no cost involved with arranging a pre-approval, nor any obligation to proceed.

### **Sort out finances**

After getting your pre-approval, take a look at your other finances, make sure you have enough to cover purchase costs and any extra expenses like; moving, insurance, telephone & power etc.

### **Identify your needs**

- This means working out the features in a house that you can't do without (i.e bedrooms).
- Create a check list so you don't overlook anything when you look at properties.

## **Find a Property to Buy - Research areas and prices**

- Armed with your check list you can now confidently go looking.
- Sources of real-estate listings;
  - \* Paper Publications such as Property Press, local newspapers and Real Estate Agent Publications
  - \* Online listing such as [www.realestate.co.nz](http://www.realestate.co.nz) or [www.trademe.co.nz](http://www.trademe.co.nz)
- Don't forget the private sale advertisements in the newspaper or you can advertise for what you want.
- Call up a few real-estate agents and arrange to be shown around a number of properties that meet your criteria. Have a good look around so you get an idea of the market before making any offers.
- Take into account affordability, transport, schools and family lifestyle. Be flexible with your area selection.

## **So You Have Finally Found A House – What Next?**

- You shouldn't necessarily be guided by the sale price as the vendor may be unrealistic for the location, type of house, etc.
- Ask what similar properties have sold for in the area (recently) and you can call a registered valuer to get an overview of the area and likely value.
- Methodically go through the whole house and make sure you know exactly what you are buying.

## **Check that;**

- All the doors have keys that work
- All appliances you are purchasing work as well as light switches etc.
- The carpeting extends under beds and mats and that furniture is not placed to hide defects.

## **Ask If;**

- The house is insulated, especially in the ceiling.
- There have been any problems with the neighbours.
- The boundary of the property is where it appears to be.
- Renovations have had permits and if the title is held in a cross-lease, do the dimensions of the dwelling appear on the flats plan.
- If there are items/faults that need fixing you have an opportunity to get the vendor to do it in the Sale & Purchase Agreement

## **Property Title**

- Check what type of title the property has: freehold, leasehold, unit title, cross lease.
- With leasehold properties, check how long the lease has to run and the annual ground rent.
- With apartments or terraced complexes, check whether the property has a Body Corporate and any associated fees.
- You can visit the local council and ask to see the 'property file' for that property, which will have information about the title, building consents, plans etc.

## **Auctions**

- Register your interest with the real estate agent in advance.
- Arrange your finance in advance i.e. no conditions, you will need to have the Bank approve the property prior to auction.
- If you are the successful bidder, the contract will be unconditional.
- Make sure you have the finance available to pay a deposit on auction day.
- Talk to the real estate agent to make sure you understand the auction process.
- Carry out any necessary checks before the auction.
- Any additional Auction fees or charges.

## **Use your Solicitor**

When you make an offer on a property, make sure a copy of the contract is sent to your Solicitor before you sign or insert a Solicitors Approval Clause. Listen to, and follow their advice.

## Making the Offer

Firstly and most importantly, when making a written offer (i.e. sign a Sale & Purchase agreement) either have your Solicitor check out the agreement or have a Solicitors approval clause in the Agreement. Your Solicitor acts in your best interest not the vendor's or the Real Estate Agents and looks at several things:

- The legal description – is this correct for the property being purchased.
- The deposit – is this a reasonable amount (i.e. not excessive) and is paid only when you make the contract unconditional. The usual deposit is 10% of the purchase price. It is very important that you do not pay the deposit until you make the contract unconditional as, if you pay it before that, and you have a dispute with the vender you could have difficulty getting it back without going through the courts.  
NOTE: You can ask for this to be reduced to 5% or a dollar amount. Deposits are held in the real estate agent or lawyer's trust account for a minimum of ten working days.
- The Finance Date (your finance needs to be arranged by this date)
  - \* 10 working days
  - \* Sufficient to complete transaction
  - \* Purchasers choice of financial institution
- The possession/settlement date (when you pay for and take over the property);
  - \* This time frame needs to be realistic and needs to fit in with the availability of your finance, or if you are selling a property, when the sale proceeds are available from that sale.
- The Chattels
  - \* The contract needs to specify the chattels that are to be sold with the house.
  - \* This includes the dishwasher, stove, TV Aerials, curtains, carpets, other terms agreed on.
  - \* This should include the automatic garage door opener if the garage has an electric door.
  - \* This should also include Council rubbish bags & bin.

### **The special conditions that need to be inserted such as:**

- Any items that the vendor needs to fix up.
- Land Information Memorandum (LIM Report);
  - \* The LIM Report will tell you everything the council knows about the property from their records.
  - \* This not only includes what is on the building file, but also other information by the council such as proposed developments, road realignments, problems, etc.
- Any other special conditions.

The obtaining of a LIM report can take up to 10 working days and it is felt a good time frame to also make your contract conditional on finance for. This allows time to obtain a registered valuation if one is required. It allows you sufficient time if you have any hold ups at any stage.

### **Building or Tradesperson Inspections**

- If you are serious about a property but unsure of structural issues, arrange for a building inspection by a building inspector or qualified tradesperson.

### **Satisfying the terms of the Sale & Purchase Agreement**

Once the Sale & Purchase Agreement has been signed by all parties arrange for a copy to be given to 24seven Mortgages together with any other paperwork required as per Pre-Approval (i.e a Registered Valuation maybe required, which can take up to 5 days). 24seven Mortgages will arrange for an unconditional offer of finance from your chosen Lender, which will then be sent to your Solicitor.

- It is extremely important that only those people working in your best interest i.e. yourself, your mortgage broker, your valuer (if any) and your Solicitor, know your ability to satisfy any conditions of the Sale & Purchase Agreement.
- You should not directly advise the real estate agent or the vendor of the satisfaction of conditions – this should be left to your Solicitor to do this.

## What else do you need to do:

### ○ **House Insurance;**

- \* It is a lender's condition that your new home is insured and you will provide proof of this (known as a "Cover Note" or "Certificate of Currency" to your Solicitor before settlement can take place.
- \* If you are building you will need Builders Risk Insurance.
- \* Your builder will generally arrange this as part of their contract and then the lender will require evidence of this.

### ○ **Movers/Trucks & Trailers;**

- \* Organise what you need to help you shift.
- \* If you are using a moving company, you should ensure that you allow for delays in the settlement process.
- \* Some settlements occur late in the working day, make sure you allow for this just in case.

### ○ **Final inspection**

You have the right to make a final inspection of the property prior to settlement to ensure it is in the same condition as when you first inspected it. This can be arranged through the real estate agent.

## **Paying for your new home**

- Your deposit (as required by the Sale & Purchase Agreement) is to be paid when you go unconditional. Check on the front for the Sale & Purchase Agreement for who to pay.
- Any extra deposit you are required to make under the conditions of your finance package should be paid to your Solicitor just prior to the date you pay for your new home (the settlement date).
- You will be contacted by the Lender (bank) to open bank account's, confirm the loan structure, and do any insurances you require.
- Your lender will send the loan and mortgage documents to your Solicitor.
- Your Solicitor will check these and then have you come in and sign these documents and the documents that transfer the property into your name.
- Once signed your Solicitor provides a written undertaking to your lender stating that the lender has acceptable security.
- The lender then transfers your mortgage money to your Solicitors trust account and combines this with any money already held (e.g. deposit) and pays the vendor for the property on the Settlement date.
- Check with your Solicitor regarding the keys to your new home.

## **YOU MOVE IN**

## **Estimated Costs Involved with Buying a home in NZ**

Remember – 24seven Mortgages is **free** for residential homes.

Below is a list of some of the costs you might expect when buying a property.

### **Solicitor's costs;**

- Including statutory charges and GST you are likely to pay approximately \$850.00 to \$1,300.00

### **Rates;**

- You will have to reimburse the vendor for any rates (including water if any) that have been pre-paid. Approximately \$100 to \$400.

### **LIM Report;**

- Between \$200 to \$400 depending on how quickly you require the report. Urgent 3 to 5 working days. Non-Urgent 10 to 15 working days.

### **Builders Report;**

- Generally between \$100 to \$400 or if you know someone you can use them.

### **Valuation Fee;**

- If your lender requires a registered valuation then this costs normally about \$500 to \$600 for an existing house.

### **Lender's Fee;**

- If there is one, you may or may not be able to add this to your loan.

### **Lenders Mortgages Insurance;**

- This is an insurance that protects the lender (not you) and is generally if you are borrowing more than 80% of the real-estates value.
- The actual amount is usually approximately 1% of the value of the loan, quoted by the lender when you get your pre-approval and usually added to the loan amount or an extra margin on the interest rate.