



GUIDE FOR FIRST HOME BUYERS

FOR MOST OF US, BUYING OUR OWN HOME IS OUR BIGGEST INVESTMENT. WHEN IT'S YOUR FIRST HOME IT CAN SEEM DAUNTING. YOU CAN AVOID A LOT OF POTENTIAL STRESS, COST AND FRUSTRATION BY FOLLOWING THIS GUIDE.



BEFORE YOU SIGN THE AGREEMENT OR GO TO AUCTION

☐ Talk to us

We will set you up as a client as it is now a mandatory requirement **before** we start any work under anti-money laundering legislation. So make sure you have ready a current photo ID and verification of your residential address.

We will check the agreement for sale and purchase. All that small print is critical as to what happens if something goes wrong.

☐ Are you eligible to purchase property/land in New Zealand

From the 22nd October 2018 the rules changed as to who can buy property and land in NZ. If you are not a NZ Citizen please let us know. You will need to sign an OIO statement to confirm that you are eligible to purchase.

☐ Check the chattels list

Does it include all the items you intend to buy?

☐ Be really clear when money is paid

The deposit might be payable when the agreement is signed, or when it is unconditional. Do you have the money ready and available?

If you are using KiwiSaver funds to pay the deposit check the terms of your KiwiSaver provider, there may be a processing time before you can access the funds. Please let us know early on if you're purchasing at auction and want to use your Kiwisaver as the deposit.

☐ When will you be bound to buy?

If there are things that need to be sorted out before you absolutely commit, include conditions to cover them (like finance, a building report, LIM etc).

ONCE THE OFFER HAS BEEN ACCEPTED OR EARLIER IF YOU ARE BUYING AT AUCTION

What next after the vendor has signed the agreement? If you are buying at auction you will need to have everything sorted out first.

☐ Check the title

We will check the title. There are all sorts of things that might be on the title that you should know about. If it's a cross lease or unit title this is even more critical.

☐ Obtain a LIM

It is important to obtain your own LIM from the Council. Sometimes the real estate agent will provide you with the LIM, if it turns out the information is incomplete or inaccurate you will not have a claim against the Council in negligence unless you obtained your own LIM. You can ask us to order the LIM on your behalf.

☐ Decide if you need a valuation

Getting a valuation report done by a registered valuer will give you a good feel for the 'market value' of the property. Sometimes your bank will require a valuation. For quick ideas of values, check out Quotable Value.

☐ Decide if you need a building report

When you choose a property inspector, make sure they have professional indemnity insurance and that they carry out their work in accordance with the NZ Property Inspection Standards (NZS4306:2005 Residential Property Inspection).

☐ Decide if you want to check the property for possible P contamination

Before you choose a company to test the property, remember there are no national testing standards. There is conflicting advice in relation to what levels are safe. There is a big difference between living in a house where someone smoked methamphetamine and living in a house that was used to manufacture the drug. You should do your own research.

☐ Pay deposit

The deposit is usually payable to the agent, unless buying off the plans then it is paid to the vendor's lawyer. Whoever receives it will normally hold it in their trust account until all conditions are satisfied.

☐ Satisfy any other conditions

The agreement will not be unconditional until all the conditions are met. If a condition is not met by the due date it usually means either party can cancel the agreement. We will liaise with you to see if you are happy with all the conditions. If you are then we will confirm these to the vendor's lawyer.

☐ Arrange finance

You will need to arrange finance within the timeframe specified in the agreement. Send the bank a copy of your agreement to approve. The bank will then send loan documents to us for signing once finance has been accepted

☐ **Do you qualify for the KiwiSaver HomeStart grant?**

If you are a first home buyer and you've belonged to, and have regularly paid into your KiwiSaver scheme for at least 3 years you can withdraw \$1,000 for each year you've paid in to the scheme, up to \$5,000. In addition, if you're purchasing a brand new home, a property bought off the plans or land to build a new home on, you can get \$2,000 for each year you've paid into your KiwiSaver scheme - up to \$10,000. Talk to your KiwiSaver provider about the forms.

☐ **Discuss with us exactly who will be buying the property**

Do you want the property to be in a trust? If you are buying with your partner, do you want to buy it as tenants in common or joint tenants?

SETTLEMENT PREPARATION

A MONTH OR SO BEFORE SETTLEMENT

- ☐ **Book your removal truck**
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- ☐ **Arrange for electricity/gas/internet to new home**
.....
- ☐ **Check that any special conditions that apply to your bank lending have been met.**
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A WEEK BEFORE SETTLEMENT

- ☐ **Arrange house insurance**
You will need to tell your broker the name of the mortgage. This is because the mortgagee's interest must be noted on the insurance policy – check with us for the full legal name of your lender. Simply having ASB or ANZ may not be sufficient.
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- ☐ **Arrange contents insurance**
Double check house contents are insured while in transit
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- ☐ **Loan**
Sign loan documentation. You will need to see us to do this. Along with the bank documents you will also have to sign A&I forms, tax statements, OIO statement or other forms required for settlement.
.....
- ☐ **Funds for settlement**
We will receive a settlement statement from the vendor's lawyer and will be able to tell you how much money is needed for settlement. You will then need to pay any contribution to settlement to our trust account either 3 working days before settlement or as a same day cleared payment. We will give you further instructions regarding this.



A FEW DAYS PRIOR TO THE SETTLEMENT DATE

- ☐ **Pre-settlement inspection**
You need to arrange an inspection of the property sometime before the settlement date. This is to check the property is in the same condition as it was when you signed up to buy. If a rug has been removed revealing a stain in the carpet you will only be able to claim compensation if you can prove the stain wasn't there beforehand. Make sure you move rugs/paintings or other items in the house (within reason) to ensure there are no hidden surprises when viewing the property prior to entry into the contract to buy. The property is sold on a 'buyer beware' basis. You must notify us of any issues by 5pm two days prior to settlement. The earlier the better as we need enough time to work through these issues with yourself and the vendors solicitor.

SETTLEMENT DATE

- ☐ **We receive the funds from the bank/tender**
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- ☐ **We pay the settlement funds to vendor's lawyer (once we have confirmation that the vendor's solicitor is ready to settle)**
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- ☐ **We take care of the registration of the transfer and mortgage registered at Land Information New Zealand**
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- ☐ **The vendor's solicitor will tell the agent once they have received the settlement funds and the agent can release the keys to you.**
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- ☐ **You move in!**

AFTER SETTLEMENT DATE

- ☐ **We ensure council and Watercare are notified of change of ownership**
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- ☐ **We send you a reporting letter**

LEGAL TERMINOLOGY

We have compiled a small list of commonly used legal terminology which you are likely to hear throughout your transaction.

A&I Form	Authority and Instruction form for the electronic registration of documents. You will need to sign this in order for settlement to occur. There are strict signing requirements around A&I forms only certain people may witness your signature on an A&I form.
Body corporate	The body corporate is an entity made up of all the unit owners in a unit title development. When you buy a unit you automatically become a member of the body corporate.
CCC	Code of compliance certificate - A formal statement which is issued by Council stating that the building work carried out on the property complies with the s95 of the Building Act 2004.
Chattels	These are items included in the same that are not legally part of the building. These usually include stove, TV aerial, carpets, blinds, curtains, light fittings. They may also include rangehoods, dishwashers, garage door remotes.
Conditional	<p>A conditional agreement means it is a binding contract, provided that all of the conditions are met. You can only cancel a contract if one or more of the conditions are not satisfied. Common conditions are:</p> <ul style="list-style-type: none">• Subject to a valuation• Subject to finance• Subject to a LIM• Subject to a builders or engineers report• Due diligence (this is a broad condition and can be used for any investigations or information you need)
Cross lease	More than one dwelling is included on one freehold title. All owners jointly own the freehold title. Leases by all the owners to individual owners give the individuals the exclusive right to occupy their own property.
DD	Due diligence – your investigations that you wish to undertake on the property before you are fully committed to buy the property.
Deposit	Part of the purchase price (often 10%) paid by the buyer when the agreement is signed or becomes unconditional.
Fee Simple	You own the property even if you have a mortgage. Also known as a freehold title, although some people do not regard their title as freehold until the mortgage has been paid off.
LIM Report	Land information Memorandum – A document prepared by Council which provides a summary of information Council have on the property (such as issues with the land such as erosion and flooding and whether the property has received necessary consents).
Mortgagee/ lender	Your bank lending you the money for the purchase
Mortgagor	You
OIO	Overseas Investment office.
Purchaser	The buyer
Record of title	Aka Certificate of title - The document which proves ownership to the land and records any easements, land covenants, caveats, encumbrances or mortgages registered against the land.
Possession date	The date when the buyer takes physical possession of the property. Always the same date as the settlement date.
SCP	Same Day Cleared Payment. This is an electronic transfer of funds where the funds are guaranteed by the bank to be cleared and can be paid out on straight away. For us to be able to settle on time we need your contribution to settlement to be paid via SCP.
Settlement date	The date when the purchase price of the property is paid in full. Usually the same date as the possession date.
Tax Statement	Land Transfer Tax Statement this is part of the brightline test implemented by the government to track sales of investment properties. The information is collected by LINZ on behalf of Inland Revenue who use it to make sure property tax obligations are met.
Unconditional	An agreement is unconditional once all the conditions have been met. When you buy at auction it is an unconditional agreement, so you need to make sure you have done all your research before bidding.
Unit title	Unit titles are a common form of multi-unit property ownership. Owners privately own an area of land or part of a building and share common property (such as lifts or driveways) with other unit owners. Unit titles have a body corporate management structure to enable decisions affecting the development to be made jointly by unit owners.
Vendor	The seller

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Our property team are recognised experts. We will get the job done for you quickly, cost effectively, while safely looking after your interests.



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