



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

Talk to us

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

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.

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.

Order a LIM

You should get your own LIM from the Council. Sometimes the real estate agent will provide you one, but if it turns out the information is incomplete or inaccurate you will not have a claim against the Council in negligence unless you got your own. 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 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. Draft national standards are currently being developed.

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. The bank will send loan documents to us for signing.

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?

Provide further information to us

Lawyers have legal obligations to obtain certain information from all clients. These include:

Whether you are a US citizen or not

Your IRD number (or TIN number)

A copy of your ID (passport or driver licence)

Your full name and residential address

SETTLEMENT PREPARATION

A MONTH OR SO BEFORE SETTLEMENT

Book your removal truck

Arrange for electricity/gas to new home

Check your bank have everything they need so they can send documents to us.

A WEEK BEFORE SETTLEMENT

Arrange house insurance

Tell your broker the name of the mortgagee and that the mortgagee's interest must be noted on the insurance policy. Ask the broker to send us a certificate of insurance.

Arrange contents insurance

Double check house contents are insured while in transit

Loan

Sign loan documentation You will need to see us to do this. The bank may also need you to sign bank account opening forms.

Funds for settlement

We will send you a statement of how much money is needed for settlement.

Pre-settlement inspection

You should arrange with the agent to do 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 and that the chattels are in a reasonable working order. If there are any problems you must tell us quickly. We will have to tell the seller by the working day before settlement.

ONE WORKING DAY BEFORE SETTLEMENT

Pay us the money needed to buy (the amount over and above what you are borrowing from the bank).

SETTLEMENT DATE

We receive the funds from the bank/tender

We pay the settlement funds to vendor's lawyer

We take care of the registration of the transfer and mortgage registered at Land Information New Zealand

We tell you when it's time to collect the keys from the agent

You move in!



AFTER SETTLEMENT DATE

We ensure council and Watercare are notified of change of ownership

We send you a reporting letter

GLOSSARY OF TERMS

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| 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. |
| 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 | 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: <ul style="list-style-type: none">• Subject to a valuation• Subject to finance• Subject to a LIM• Subject to a builders or engineers report |
| 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. |
| 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 | Land Information Memorandum. A LIM will give you the information the council knows about the property, such as flooding, consents for any building work, drainage etc. |
| 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. |
| 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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