

Homeviews Homebuyer Checklist

13 Steps to Successful Home Buying



Overview: Purchasing a home involves several overlapping steps. Some may occur simultaneously. Throughout, be proactive in ensuring everything aligns with your vision. It helps to keep a positive and resilient attitude during your search.

Build Your Team: Surround yourself with supportive family, friends, and professionals to guide and back your decisions. Engage your mortgage adviser, accountant, and legal counsel from the outset. Their combined insights will be invaluable. You also need an independent building inspector to review properties.

Auctions: If bidding, conduct thorough due diligence on the property and your financing options before attending an auction. Fully understanding both the home's condition and your financial position is crucial. Once you sign a contract, it's binding. Insufficient research could result in losing your deposit, especially if unforeseen issues arise post-auction. Most sellers won't entertain contingencies or delays.

By Offer, Tender, or Off-Plan: The process may vary, but the essence remains. Engage a lawyer early to advise on legalities, ownership titles, and contracts. A mortgage adviser is invaluable from preapproval to final settlement. If considering investments or complex financial setups, consult an accountant. Be ready and informed if facing competitive bids.

Tailored Advice: Each buyer's situation is unique. Only after professional consultations can you receive personalized guidance. While we guide available options tailored to your situation, we don't direct your choices. Always feel free to ask questions. Your advisory team is there for you.

Banks vs. Advisers: While banks offer their specific lending services, they don't provide impartial advice. Advisers are charged with putting your interests first and finding the right loan and lender for you. Understand the difference.

Homeownership Responsibilities: Awareness is key. This checklist offers a starting point. Don't hesitate to seek clarity or detailed advice along the way. Successful home buying requires preparation, knowledge, and the right support.

This guide provides a streamlined checklist for prospective home buyers. This is general knowledge and not to be construed as personal advice.

1. VISION - PLANNING

- Establish your priorities:
 - How will you take title: sole, tenancy in common, partnership, corporation, or trust?
 - What kind of home and attributes for your family are needed?
 - Will you have Flatmates, or need extra living space?
 - Is your family growing or likely to need less space?
- Consider your income: is it going up, stable, or likely to reduce?
- How long will you own this property: 5 years___ 10 years___ Less___?
- Draw up a 'wants' list and prioritize your top 'must-haves':
 - Neighbourhood, schools, proximity to work and family
 - Property type, size, number of bedrooms, baths, parking, storage, special needs.
 - Outdoor spaces to play and room enjoy your sports
 - Sunlight and wind direction; garden opportunities
 - Access issues for aged or disabled people
 - Storage areas including closets and outdoor sheds
- Purpose: as your home or investment - will that change?
- Talk to your accountant about tax implications if you are buying as an investment property
- Consider extra time/energy if you will improve a home you buy:
 - Do you have the skills and the time to do this work?
 - Can you afford to pay a builder to do this work?
 - Set aside a budget for DIY projects or minor updates
 - For major repairs: get fixed-price quotes
 - Consider renovation or green energy-efficient loans

- Develop a general home budget – now and future monthly operating costs which include:
 - Rates, utilities, insurance, and maintenance
 - Body Corp, HOA fees, or land leases
 - Additional needs like lawnmowers and window treatments or appliances
 - Mortgage (compared to rent now) will likely be your main expense each month
 - How much can you comfortably afford to pay per month/week?
 - This is up to you, not how much your bank will lend you. Be realistic!
 - Discuss budget and current & projected costs with your broker/partner/family
 - Set aside for increased rates (when you refix)
- Establish a timeline:
 - When you ideally want to move into your new home
 - Plan when to give notice to landlords and utility companies
 - Plan packing and moving schedule - don't forget to budget your moving costs!

2. ORGANIZE FINANCE – PREAPPROVAL

- Engage a mortgage adviser who understands your goals. Understand the terms of their Client Agreement upfront.
- AML Anti-Money Laundering Act requirements: You will be asked to identify yourself in person and verify your nationality, tax status, residential address, and source of funds by both your financial adviser and your solicitor, as well as the bank that will grant your mortgage loans. All financial beneficiaries will also be identified by your solicitor/lawyer.
- If you are a recent immigrant, OIO (Overseas Investment Office) approval may be required. You must apply for an exception before applying to a bank. Apply yourself or hire a solicitor to process this for you - many exemptions apply for foreign nationals who are in New Zealand with a right to work. Get legal advice!
- Gather your documents for your financial adviser - use their encrypted upload system for sensitive documents
 - Update as you go: bank statements, debts, loans, household costs - documents must be within 30 days of application
 - Inform your adviser if your circumstances change during the process
- Review your free credit profile - banks also see this (ask Susan how)
 - Download your free report and save your logins

- Consider debt consolidation if you have multiple debts
- Consider the accuracy of all items and dispute any inaccuracies well in advance of your application
- Understand your Loan to Value and what \$ amount is needed for your Deposit
- Check if you are eligible for a **Kainga Ora First Buyer Grant**
- Discuss Gift funds or family loans and options with your parents, whanau, and partners
 - Consider equity release loans or equity swaps on existing properties
 - Loans from family guarantors and co-borrowers or Trusts - document accordingly
 - Get legal advice on property share agreements
 - Explore guarantor role if appropriate
- Identify your Deposit Accounts: Savings and Cash Accounts or pending sales – tally what funds you have now and confirm your sources
- Establish your funds needed for a 20% deposit for an 80% LVR Residential Home Loan
 - LEM (low equity margin) fees and rate margins differ from bank to bank for over 80% Loan to Value per the current RBNZ guidelines
 - You may qualify for a First Home Loan (up to 95% Loan to Value) which features income caps - so check your eligibility
 - Investment properties require a 35% deposit (max 65% LVR) - NOTE: Loan to Value guides may change)
- KiwiSaver First Buyer Withdrawal – each borrower should request a letter from your KiwiSaver provider that states your eligibility to withdraw from your KiwiSaver and the approximate balance available
 - Your KiwiSaver First Home Withdrawal letter is good for 60-90 days and is renewable
 - Clarify if all parties qualify for KS withdrawal and how much \$ you can each expect to access

3. BEFORE YOU GO HOUSE SHOPPING

- Hire a conveyancing solicitor or property specialist lawyer who understands your goals – get a quote for their services
 - Consult your solicitor upfront on each property you consider - reviewing all property issues
 - Decide how you will 'take title', and if you need any property agreements with other parties (i.e., sole, partnership, joint tenancy, corporation or trust)
- Once your mortgage adviser presents the bank's **CONDITIONAL OFFER of FINANCE** you can get serious

- This preapproval is good for 60-90 days
- Update all your documents with your financial adviser monthly during your search
- Payslips, credit cards and bank statements must be up to date when you go for final approval

4. SEARCH

- Set alerts on your phone and email for homes in your search category
- Go to open homes
- Research Trademe.co.nz for properties currently on the market.
- Look at QV.co.nz (and other sites) to compare homes sold and for sale
- Set up a map in your target zone, and record your notes as you tour
- Do NOT sign up with one exclusive Sales Agent (agents are typically limited to their agency listings)
- Research neighbourhoods: proximity to work, schools, healthcare, shopping, friends, and family
- Reconsider each home on its merits against your vision priority list
- Decide how you will conduct due diligence on a home before making an offer and consider the costs
- Conduct Building reports, LIM reports, and Title reviews with your lawyer
- Your mortgage adviser presents the property to your bank for approval *before bidding at the Auction*

5. BEFORE YOU ATTEND AN AUCTION

- Auctions are designed to sell a property 'where-is, as-is' on the day - there are very few exceptions
- If you are borrowing money to purchase a home, it is imperative that you are bank-preapproved for your mortgage so you know how much you can bid at auction
- You must conduct all your due diligence on a home before bidding at auction
 - Conduct a Building Inspection before the action - this is at your expense
 - Have all LIM reports, Titles, any covenants, leases, and auction documents reviewed by your lawyer upfront
 - Address any property issues with your mortgage adviser to clear them with your bank upfront
- Bidding at an Auction can be very nerve-wracking and it happens fast!
 - Attend an auction class or watch live auction videos to get a feel for how they work
 - Have a friend support you who has auction experience
 - Don't get disheartened if you don't win your first auction

- Have your 10% deposit (less is optional) available to secure the contract if you win the auction (to be wired into the solicitor's trust)
- Your mortgage adviser will present the Property Package documents above for Bank Security Approval *before bidding at auction*

6. MAKING AN OFFER – LEGAL DUE DILIGENCE

- Make your initial offer to purchase via your Solicitor or Sales Agent (if not an Auction)
- Your solicitor/lawyer MUST review all contracts BEFORE YOU SIGN ANYTHING
- If negotiating an offer or tender: the Vendor (seller) may respond with a counteroffer – expect some back-and-forth
- Your solicitor & agent will negotiate the final price and terms, settlement date, and terms, with the Vendor
- Speak with your lawyer about other conditions/terms and due diligence time frames you prefer:
 - Finance contingency
 - Property review contingency
 - Solicitor due diligence contingency (your get-out-of-jail card)
- Neighbourhood review - visit at different times and find out if there are any issues with neighbours
- Conduct Building Inspection – for your purpose – at your expense which varies by size/age/location/type.
- Review the LIM Report and Property File – with your lawyer and mortgage adviser
 - <https://www.settled.govt.nz/blog/what-is-a-lim-report>
- Your building inspector may recommend:
 - Moisture readings or infrared scans for suspect construction
 - A toxicology report for Methamphetamine/P
- Negotiations may be indicated if the builder's report shows costly defects:
 - Get builder's quotes to rectify issues
 - Consider if the costs are worth the risk and effort
 - If the costs to cure are over \$10K consider an extra loan for this purpose
- Consult your solicitor and accountant or financial/tax pros and cons of how you will take title: as an individual, jointly, partnership, trust, etc
- Sign the Purchase and Sale Agreement (once your lawyer has given the OK) with any contingencies you have agreed to with the Vendor
- Update your bank application and apply for final bank approval:
 - Submit the Purchase & Sale Agreement, Rates, LIM, Title, etc.
 - Satisfy other conditions of the lender – provide documents to your mortgage adviser

- Provide evidence for all deposit sources: gift letters, bank statements, proceeds of sale
- Clarify any property specifics required by your bank assessor
- A rental appraisal may be requested from the estate agent
- Present borders or flatmate signed agreements
- Perform your due diligence on other issues as they arise

7. LOAN APPROVAL (may happen simultaneously with the Legal Phase)

- Mortgage adviser submits details of the property, LIM, Title, and Property docs to your bank for final **Security Approval** – meeting conditions of the Conditional Offer letter to your preferred bank:
 - Update your income, assets, liabilities, and expenses
 - Disclose any anticipated changes in income
 - Your mortgage adviser will confirm all details with your assessor to confirm you still qualify for the lending required
 - Always speak with your mortgage adviser as things often change during this phase

8. PROPERTY REVIEW

- Early on during the Legal/Finance phase, you perform your inspections of the property to be sure it meets your full approval in all ways and to clear the legal contingencies
- Your solicitor will review the Title, LIM, any Leases, Body Corporate records and other property documents
- Hire an independent Building Inspector. If problems arise, you may need specialists to prepare reports and quotes
- Do not rely on the Vendor's inspection report. Always get reports in writing directly from your own building inspector
- Valuations are ordered as required by the bank at your expense - expect this to take 10 days. Your financial adviser will order the valuation on your behalf (you pay for this online) as soon as you have your conditional approval and are ready to proceed
- You may also need to get firm builder quotes for issues that come up in your inspections

9. FINAL APPROVAL

- Once your Bank has cleared the Property Valuation and any other outstanding conditions of the loan, your mortgage adviser presents your Bank **UNCONDITIONAL OFFER OF FINANCING**
- Your mortgage adviser informs your lawyer that your Finance Approval Condition has been met

- Your Lawyer declares the **Contract is UNCONDITIONAL*** after all contingencies are met by all parties to the contract
NOTE: THINGS START TO MOVE MORE QUICKLY NOW
- Reminder: KiwiSaver funds must be liquidated 2-4 weeks before settlement (first - speak with your KiwiSaver adviser or provider about timing and the potential of moving your funds into a cash account)
- Your solicitor will petition your KiwiSaver provider to action the release of funds - and provide an unconditional Sale & Purchase Agreement
- Mortgage adviser presents initial loan options and repayment structures for discussion
- Decide how long you want to fix your loan(s) and confirm timing and goals with your mortgage adviser
- Mortgage adviser requests pricing and cash contribution (if applicable) for your preferred terms
- You confirm the terms preferred and your mortgage adviser orders your documents from the bank, per your request
- Documents are sent to your lawyer directly from the bank

10. INSURANCE COVERAGE

- Get home insurance quotes (called Fire & General in NZ)
- Now is a good time to review your life/trauma/income protection coverages with your insurance adviser
- Insurance COC Certificate of Coverage goes to your lawyer listing your bank as the insured party/mortgagee.

11. BANK HANDOVER

- You meet your bank manager at your preferred branch (some banks handle online) to set up your new accounts and arrange your mortgage payment schedules.
- HINT: now is not the time to take out a new credit card or car loan!
- Any bank cash contributions promised to you will be received by you into your account *post-settlement*

12. FINAL INSPECTION

- A day or two before you settle, schedule a final walkthrough to inspect the property inside and out to ensure that the condition is acceptable:
 - Check off items to be repaired or improved have been completed to your satisfaction
 - Anything amiss can delay your settlement - stand your ground until everything is as agreed

- Check for rubbish left behind or broken chattels damaged during moving out of the residence
- Keep calm and insist the property meets the contractual agreement
- You will need to reinspect the property after any negotiated repairs are made - your lawyer will hold settlement until agreements are met.

13. SETTLEMENT

- Your Solicitor/Lawyer settles the transaction and records your title
- Settlement documents take 5-10 days to be sent to your solicitor
- Your lawyer prepares loan documents, A&I, and resolutions (if appropriate) for you to sign
- You sign documents in your lawyer's office (they can courier to you)
- Loan documents (with any outstanding conditions) go back to the bank
- Your bank reviews the documents and twires the funds to your lawyer
- The vendor (seller's) lawyer sends your lawyer a settlement statement
- Your conveyancing lawyer checks the settlement statement
- Your lawyer requests money from you if there is a shortfall (between the amount of the purchase price and what is required to settle, less deposit paid and bank loan) to balance
- Any shortfall of funds must be received into your lawyer's trust account before settlement can occur
- Your lawyer will require certain undertakings from the seller's lawyers
- Your lawyer will make payments to the seller's lawyers and other parties to be paid such as taxes and insurance
- Seller's lawyers 'release' documents into Landonline NZ
- Seller's lawyers send notice of change of ownership to the local council (via your lawyer)

- **SETTLEMENT CUTOFF is 4:30 pm** – when the Reserve Bank of New Zealand closes each day
 - If you settle after 4 pm, the penalty interest charged may be due for the next day per your contract
 - You, your mortgage adviser, and your lawyer are advised by the bank when your funds are drawn down
 - Your lawyer informs you when are now on the title
 - Your lawyer informs all parties that you have settled
 - You get the keys to the property - YAY!

REMINDER: Before you move into your property you will need to alert your utility companies what services you need before arrival as 14-21 days may be standard notices for services like the internet. Coordinate with your moving company.

WHEW! Does this sound like a lot of work and coordination or what? This list is not entirely exhaustive. Many issues can arise during each phase which can move you forward or set you back. So timing is well...a piece of string. That said, we all know how eager you are to succeed in buying your home, so it helps to have a vision of the process. You should feel comfortable calling any of your adviser team during this process as questions arise. And they will.

Feel free to attend our Homeviews Workshops at www.homeviews.org to explore other aspects of the home buying, building, renovating or refinancing world. Each situation is unique so building your knowledge of the process and potential pitfalls will smooth your path. Good luck!



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Feel free to call for a complimentary 20-minute chat/zoom about your options.



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