

YOUR *First Home* GUIDE

A COMPLETE GUIDE FOR ALL **FIRST-TIME BUYERS**



Kiefer

BUYING YOUR FIRST HOME

At Kiefer, we simplify the home buying process for first-time buyers. Our cohesive team collaborates to create a streamlined journey that alleviates complexities for homebuyers. Leveraging our deep real estate expertise, we comprehensively grasp every critical aspect of the process to empower informed decision-making.

We recognize the daunting challenges that first-time homebuyers face on their journey. That's why we've crafted this guide to share essential insights and knowledge to guide you through purchasing your first home.

The Kiefer logo is displayed on a white rectangular card that is tilted at an angle. The card is positioned in the lower right portion of the image, creating a sense of depth. The logo itself is rendered in a dark, serif typeface, with the 'i' in Kiefer featuring a distinctive dot.

Kiefer

SAVING UP YOUR DEPOSIT

Once you have made up your mind to buy a home, the very first step is to start saving up your deposit. For this, you need to set out a clear plan and savings goal. Most of the banks would require you to have at least 10% of the purchase price for the deposit to secure the finance.

For example, if you are buying a home at a \$520,000, banks would need \$52,000 as a deposit.

There are a few exceptions to this based on the situation, however, if you wish to start your journey of buying a home, this is a great start.

What is a Deposit?

A deposit is the cash savings that you pay on settlement of home, ensuring that you own a part of the home upfront. The remainder, then, is usually covered by a mortgage and repaid to the lender (Banks) over a decided period of time at an agreed interest rate.

How?

The very first thing you need to do is be aware of your finances. Understand what money you currently have to put out towards a deposit.

For this, you need to find out –

- How much money do you have as savings?
- Learn about the First Home Grant
Familiarize yourself with KiwiSaver Contributions
- Gifts or assistance from family members

Luckily, there are several schemes that are designed to help first-home buyers. So, when you are looking to move ahead on your first-home buyer journey, make sure you check each one of these schemes and check which one of them you qualify for.



Kiwi Saver

You can use your KiwiSaver to withdraw savings for your first home deposit.

You must be wondering how much amount you can get through your KiwiSaver account. Well! You can apply to withdraw all you savings except for -

- \$1,000 'Kickstart' if you received it.
- Any amount you may have transferred from an Australian complying superannuation scheme (if applicable)
- Any Government contributions received during any period you lived overseas and didn't have permanent residence in New Zealand.

How to apply?

The process to apply for KiwiSaver is administered by your KiwiSaver fund manager. The first step to apply is to get approval. If approved, the withdrawal will be paid to your solicitor or lawyer on the unconditional date before the settlement day.

First Home Grant

How much can I get?

- If you are buying an existing home,, you can get \$1,000 for each of the 3 (or more) years you have paid into KiwiSaver or any other equivalent scheme. The highest amount you can get through a grant is \$5,000 for 5 or more years.
- In case you are buying a new home, then you will get \$2,000 for each of 3 (or more) year you have paid into KiwiSaver or any

other equivalent scheme. The maximum amount that you can get is \$10,000 for 5 or more years.

How to apply?

You can simply visit Kainga Ora website and start the process.

<http://www.kaingaora.govt.nz/home-ownership/first-home-grant>

Next Step

Now that you have the deposit, what's next?



WHAT IS MORTGAGE?

A mortgage is a loan specifically used to purchase real estate, where the property itself serves as collateral. Borrowers receive funds from a lender, typically a bank or mortgage company, to buy a home and repay the loan over a set period, usually with monthly payments that include both principal and interest.

Note: Mortgages come with different terms and interest rates, allowing individuals and families to afford homes by spreading the cost over time, while lenders earn interest on the amount loaned.

Mortgage Pre-approval

Usually, the pre-approval is provided by a bank and is an acknowledgement that your circumstances mean you can borrow up to an approved amount. However, there is one condition that the property meets a number of criteria and conditions. Therefore, to finalize the home loan, it is essential that you meet all these conditions.

Once you have the pre-approval is done, you can confidently start searching for the property you know you can buy.

How to get pre-approval?

To get pre-approval, you must contact your bank, lender, and mortgage broker. They will be the ones who will take you through the process of assessing your current financial position including income and any current debt and will give you the amount they will allow you to borrow.

In case you are still working towards your 10% deposit, having a property under conditional contract can help in several situations as the bank has an actual property to assess your situation against.

Note: It is not essential to have a pre-approval in place before finding a home you wish to buy but having one makes it a lot easier.

Bank vs Mortgage broker

There are two primary avenues for obtaining a mortgage: you can either approach a bank directly and handle the process independently, or establish a partnership with a mortgage broker who can assist in negotiating with multiple lenders on your behalf.

Remember, Mortgage brokers are free!

Mortgage brokers are paid by the banks after securing your mortgage. Meaning they don't charge anything from you. A mortgage broker also has a wide network of banks, contacts, and expertise to assist you in finding the best solution for your current situation.

Highlight: Mortgage broker will always act in your best interest and will lead you to success with your application the first time around.

Benefits of Hiring a Mortgage Broker

Apart from guarantying the success of your mortgage application, there are several other benefits of hiring a mortgage broker like:

Your Personal Negotiator: Mortgage brokers have a long standing relationship with the banks which means that they speak the same language, meaning they can negotiate better deals for you.

Expedited Process: With a broker, you'll only need to fill out one application form. If you go directly to lenders, you'll have to go through the same process multiple times.

Get The Best Interest Rate: Your broker will negotiate the best possible interest rate deal for you. Since they are registered or authorized financial advisers, they can offer tailored financial advice for your situation, including optimal strategies to structure your mortgage for quicker repayment.

A Few Tips on Mortgage Pre-Approval

- Your mortgage pre-approved limit represents the maximum amount you can borrow, but it's essential not to view it as a target. While it reflects the highest monthly repayment you're likely able to manage, achieving it may require adjustments to your lifestyle.
- Selecting a property within your pre-approved limit will result in lower monthly repayments, allowing you to allocate more funds toward weekly living expenses and occasional luxuries in life.
- With fluctuating interest rates over time, opting for a smaller total loan amount reduces your exposure to the potential impacts of these changes.



FIRST HOME GRANT

If you're purchasing your first home and have been contributing to your KiwiSaver scheme, you may qualify for assistance to make the deposit. Opting for a newly built home can potentially grant you additional funds, with the assurance of higher quality compared to an existing home.

Here's an overview of the financial support available based on your chosen path.

Shared Ownership

Buying a home on your own can be daunting when saving for the required amount. To ease the process, some opt for shared ownership with another party. As first-time homebuyers, each of you can receive up to \$10,000 from the First Home Grant, totaling a maximum grant of \$20,000 to assist in purchasing your first home.

In a shared ownership arrangement, both you and the co-owner will have equal rights to the property.

What if you can't afford 10%?

If you don't have enough money to reach the required 10% deposit, there are options available. You can make a down payment as low as 5% by utilizing a First Home Loan. This loan, provided by a bank or lender and guaranteed by Kāinga Ora, makes homeownership more accessible even with a smaller initial deposit



ELIGIBILITY CRITERIA

If you are purchasing a home by yourself, your income must not exceed \$95,000 before tax.
Income must not exceed \$150,000 before tax if you:

- Are purchasing alone and have at least one dependent.
- Are purchasing with another person, regardless of dependents.
- Are a first-time homebuyer.
- Can afford at least 5% of the home's value.

House Price Caps

To qualify for various grants and loans aimed at first home buyers, the property you intend to purchase must fall within your city's designated price caps. Below are the caps for New Zealand.

City	New Home	Existing Home
Auckland	\$875,000	\$875,000
Tauranga	\$875,000	\$800,000
Wellington	\$925,000	\$750,000
Christchurch	\$750,000	\$550,000



YOUR SEARCH FIRST HOME

Your first home may not match the idyllic house and location you've always dreamed of, but it represents a crucial step onto the property ladder!

Define your “Wants” and your “Needs”

A need is something essential that a home must have for you to purchase it, while a want is something you would like to have but is not essential for you to consider buying the home.

Ask yourself this before starting your hunt for your first home

- How many bedrooms are essential?
- How many bathrooms are essential?
- What locations are essential for you?
- Are you willing to compromise on a longer commute for a better house or location?
- Do you require a garage or is it just preferred?
- Is a 1000m² section necessary or is living centrally more attractive?
- Lastly, what can you afford in different areas?

By clearly defining your wants and needs, you'll have a better understanding of what to look for and which locations are within your budget.

For instance, \$600,000 on Queen Street in Auckland won't stretch far beyond a studio apartment, but 12km from the CBD could afford you a brand new two-bedroom townhouse.

Ultimately, aim to purchase a property that suits your current lifestyle and allows you to comfortably manage the repayments.

Clarifying your needs will provide flexibility on other property aspects and may open up unexpected possibilities.

Utilize various websites to research current prices for different property styles and locations. A good first home should offer options for the future, so consider long-term factors such as potential value appreciation, resale value, or rental opportunities.





THINGS TO CONSIDER BEFORE BUYING YOUR FIRST HOME

- Is it close to public transport links?
- Is it close to major employment centers?
- Are there local shopping options or proximity to a city center?
- Is it located in desirable school zones?
- Is there strong rental demand in the area?
- Is it a low-maintenance property?
- Can you add value through renovations?

WHAT TO DO WHEN YOU FIND YOUR PERFECT FIRST-HOME?

Once you've found a property you like and ideally visited it, you can proceed to make an offer. Before doing so, it's advisable to consult with a solicitor who can provide guidance on the sale and purchase agreement.

This agreement allows you to include conditions that protect your interests and allow for necessary checks.

Common clauses may include 'finance approval,' 'solicitor's approval,' or 'due diligence,' ensuring you have time to obtain legal advice and secure financing before the contract becomes unconditional.

Once your offer is accepted and signed by the vendor, you can submit the agreement to your mortgage broker to arrange finance approval. Simultaneously, provide a copy to your solicitor who will conduct their due diligence and provide necessary approvals.

If your bank requires a property valuation for finance approval, this can be arranged during the conditional period, typically with assistance from your broker, albeit at an additional cost. If you plan to use KiwiSaver or First Home Grants, your solicitor can assist in transferring these funds to their trust accounts promptly.

Existing Home: The highest grant you can receive if you purchase an existing home is \$5,000.

New Home: The highest grant you can receive if you purchase a new build is \$10,000.

Other Costs to Consider

- Building inspection reports
- Solicitor or lawyer's fees
- Land Information Memorandum (LIM) / Titles
- Council rates
- Insurance

As you navigate the property search process, keep in mind that certain costs, such as building inspection reports, solicitor fees, LIM reports, council rates, and insurance, are necessary during due diligence, even if you ultimately decide not to purchase the property. While these expenses can accumulate, it's important not to let them deter you from conducting thorough research, as it can potentially save you significant expenses in the future.

WHAT IS DUE DILIGENCE?

Due diligence refers to the thorough investigation and careful consideration that a reasonable person planning to purchase property typically undertakes. This process includes conducting property inspections, obtaining valuations, and reviewing legal titles to ensure informed decision-making before entering into any agreement or contract with another party.



NEXT STEPS

Going Unconditional

When you meet all the conditions outlined in the sale and purchase agreement and confirm your final acceptance to proceed with the purchase of the property!

- Proximity to public transport links
- Near major employment centers
- Availability of local shopping options or proximity to a city center
- Location within desirable school zones
- Strong rental demand in the area
- Low maintenance property features
- Potential for adding value through renovations

What Happens Before Handover?

Before receiving the keys to your new home, your solicitor will receive the loan documents from your lender or bank for your review and signature.

They will also inform you of any additional funds required to complete the settlement. You'll have the opportunity to conduct a 'pre-settlement inspection' for an existing house, ensure everything remains in the same condition as when you first viewed it, with all fixtures, fittings, and agreed-upon work completed. For

a brand new property, inspect for defects, scuffs, or damage from final trades, and ensure sheds, lights, appliances, etc., are functional. If any issues arise during the inspection, notify your solicitor promptly so they can be addressed before final settlement.

Settlement Day

Settlement day is when the buyer completes the payment for the property and receives the keys. Your solicitor manages the settlement process, and if all documents were signed a few days earlier, there's typically nothing for you to do.

The solicitor handles the transfer of the purchase price to the vendor's solicitor, ensures ownership of the property is transferred to you, and registers the change of ownership and any mortgage on the title record. Once everything is finalized, your solicitor will notify you. You can then collect the keys from the agent. Getting the keys to your first home is an exciting milestone that you'll remember for the rest of your life!

A Few Websites You Must Refer to:

Kianga Ora | Home ownership |
<http://www.kaingaora.govt.nz/>

First Home Loan | Low deposit home loans for first home buyers |
<https://kaingaora.govt.nz/home-ownership/first-home-loan/>

Settled | Guiding Kiwis through home buying and selling | <https://www.settled.govt.nz/>

Sorted | For budgeting, mortgage calculators, and other helpful guides & tools |
<https://www.sorted.org.nz/>

KiwiSaver | Contact your KiwiSaver provider to discuss the KiwiSaver first home savings withdrawal

ABOUT KIEFER HOMES

At Kiefer, we pride ourselves on crafting modern homes that embody the essence of urban living, right here in New Zealand. Our homes are meticulously designed to encompass all the amenities necessary for living a vibrant town life. Each one of our home is tailored to meet the diverse needs of our discerning clientele.

Founded by **Karan Sawhney**, a visionary and serial real estate entrepreneur with over a decade of invaluable experience in the industry, Kiefer stands as a testament to his unwavering passion and dedication. Karan's journey, fueled by his profound understanding of the market and relentless pursuit of excellence, has been instrumental in shaping Kiefer into the epitome of quality and innovation in home development.

With over 35 homes built and sold, Kiefer has become one of the most **reliable home developers** not just in Auckland but in New Zealand. Each one of our homes tell a story of meticulous craftsmanship and unparalleled attention to detail.

This impressive track record not only speaks volumes about our commitment to excellence but also underscores our brand's authenticity and credibility in the market.

At Kiefer, we don't just build homes, we craft experiences that resonate with the modern homeowner, setting new standards of luxury and comfort with every project we undertake.

A photograph of a modern building with a glass facade. The word "Kiefer" is mounted on the glass in large, silver, three-dimensional letters. The building's structure is composed of a grid of dark frames holding the glass panels. The sky is visible in the background, reflected on the glass.

Kiefer