Harcourts

YOUR COMPLETE PROPERTY BUYING GUIDE





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WE'RE HERE TO HELP

Buying a home is a big step! There's a lot to do, from sorting out your finances and doing your research, to inspecting a property, making an offer, and going through the contract and settlement process. We want to make your home buying experience as stress-free as possible. The Harcourts Buyers Guide is here to help.

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SORTING OUT YOUR FINANCES

How much deposit do you really need to buy your home?

Most lenders require you to have a 20% deposit for your home loan. For example, if you'd like to purchase a home worth $400,000, you will require an $80,000 deposit. However, some lenders will allow you borrow up to 90% of the property value.

If you don't have a 20% deposit and need to borrow more than 80%, it's a good idea to speak to a mortgage adviser who can talk you through your options. At Harcourts, we can help simplify the buying process by providing you with a complete service, from sorting out your finances to arranging your home, contents and personal risk insurance.

Our partner, Mortgage Express, offers a full range of financial and insurance products and services. For more information please talk to your local Harcourts sales consultant about Mortgage Express or visit www.mortgage-express.co.nz.

Budget

Create a budget to determine what you can realistically afford to spend on mortgage repayments. Your budget should include all your regular outgoing expenses along with estimates for the cost of ownership of a home (insurance, rates, interest on your mortgage, applicable body corporate charges and maintenance for your home). These costs will vary depending on where you live and the type of home you'd like to buy.

Mortgage calculator

Once you've worked out your budget, you can use a home loan repayment calculator to get an idea of what your mortgage repayments would be.

The website www.mortgage-express.co.nz has some useful tools you can use. It's probably a higher figure than you are used to paying in rent, but the benefit is that instead of being an expense, your mortgage repayment is paying off an investment. If you're happy that you can afford to pay this amount each month, then you can start looking at financing.

Pre-approved finance

Approach lenders to get written finance pre-approval so that you know what price range you can look at for your new home. Given your income and financial commitments, banks will provide a pre-approved amount (to which terms apply) beyond which they would not lend. This gives you a ceiling for the maximum you can spend on buying your home.

Mortgage advisers

A mortgage adviser can help you find the best deal from a number of different lenders. Remember, mortgage advisers' fees are paid for by the lender, not you. A Mortgage Express mortgage adviser has the knowledge and expertise to find the best option to suit your individual needs. A home is one of the most significant investment decisions you will make and they're here to make sure that you know the different ways you can structure your loan and what the different lenders will offer you.

Financing your home

Along with your savings, there are other sources of income that can help to supplement your deposit. For instance, if you are a first home buyer and meet certain criteria you may also be able to secure a first home grant. These differ around the country, so make sure you look up your entitlements. If you don't have enough savings or a high enough income on your own, you may also like to consider entering a shared ownership agreement or enlisting the help of a guarantor through friends or family.

If you already own a property, depending on its value, you may be able to use the equity in your current home to help secure financing for the purchase of your new property. Talk to your Mortgage Express mortgage adviser about the options available to you.




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DOING YOUR RESEARCH

Once you have your finances in place, you've worked out how much you can borrow and perhaps sought pre-approval on your home loan, it's time to get to know the market.

Start to look at neighbourhoods that suit your needs and budget. A great place to start is online. There are lots of property comparison sites on the web which will give you an indication of the average sale price of houses, land and units in an area.

Also take a look at how a neighbourhood has fared over the past 5 to 10 years. Have prices steadily increased, stabilised or been in decline? These figures can help you to determine if the property will be a good investment over the long-term.

Once you've found a location that suits your needs and fits into your average price range, start to look at properties on the market. Compare features, price and land size. You can engage your local Harcourts sales consultant to help you find the perfect property for you. Harcourts sales consultants know the areas they work in very well, and can also give you advice on what the neighbourhood is like, if there are new infrastructure projects planned, and how prices have changed over the past few years.

We know that every neighbourhood is unique and price points, marketing demographics and even sale time can change dramatically from one community to another.

You want to find a **sales consultant who knows and understands your local market** to ensure that your home is positioned properly against its competitors to ultimately **get you the best result.**

INSPECTING PROPERTIES

Take advantage of an open home and use the time to perform a thorough property inspection. Later on, you'll want to engage the services of a professional to inspect the building's structure, but it's a good idea to use your initial tour of the home to perform your own inspection. So what should you really be focusing on in an open home?

The dwelling's structure

When inspecting a property, chances are the current owners are going to present the interior of the property in the best possible light. They will have cleaned and tidied, perhaps they have added a new coat of paint, or even had the home styled with beautiful furniture. Whilst these things will help you to appreciate what the home could look like for you, at this stage, it's more important to focus on the structure of the dwelling.

Things to look for:

- **Poor construction.** Windows and doors that jar, or cracks in the walls around doors and windows are both signs of poor construction.
- **Leaky building.** Cracks and splits in the cladding or joints, moisture staining or other visible water damage, musty smells, efflorescence (a white chalky substance) at junctions or cracks, mould, moss or colour degradation, blistering or fading paintwork and bubbling or peeling wallpaper.
- **Condensation.** Wet spots on walls or ceilings can lead to mould build-up, timber decay, leaks, corrosion and even loss of structural integrity.
- **Shifting building.** Some small cracks in a home's foundation can be harmless, but large cracks either running down the foundation or across could mean a home is shifting, which can cause significant structural damage over time.

If you're not entirely sure if what you're seeing is cause for concern, and you are interested in the property, enlist the services of a qualified building inspector.

The neighbours

If you've got to the stage where you're inspecting the property, then you probably know a bit about the neighbourhood you're looking in. What about the neighbours? Take a look at the properties on each adjoining border of the property for any clues.

- Are the neighbours' yards neat and tidy? It might not directly impact on the property you're considering, but what about when it comes time to sell the property? Would untidy yards next to yours reflect poorly on the area?
- Do they have pets? It might not be an issue, particularly if you have pets of your own, but look for problem pets.
- Is a neighbour's dog barking non-stop during the inspection? Are animals loose or roaming? Is there evidence of pet damage to shared fences or common areas?
- Do you have a comfortable level of privacy? Take a look at different angles around the home, particularly on smaller blocks or apartments.

- Are you too close to neighbours? Can you easily hear them through the walls?
- Are certain windows placed directly opposite a neighbour's window?
- Is the property fenced off from neighbours?

The location

Location means more than the general neighbourhood. You may be attracted to the area, but take a look at the property's exact location for things that may bother you longterm, hurt re-sale value, or cause lifestyle issues.

Things to consider:

- The property is on a busy main road. Houses on main roads can attract lower prices than those on quieter, private and less congested roads. You'll also have to get used to the noise of heavy traffic.
- The property is next to a retail or commercial space. This can cause issues with local business traffic and, depending on the type of business and business hours, there could be additional noise. Also be mindful of properties that are next to land that may be zoned as retail or commercial. Your local Harcourts sales consultant will have this information.
- The property's proximity to a train line. A home close to public transport is always convenient, but a home that shares a border with a train line, for example, can result in a lot of excess noise, potentially hurt re-sale value, and cause potential safety issues for young family members.
- Power lines over the property. Sometimes found on larger parcels of land, power lines have been known to reduce property prices as they are unsightly, sometimes noisy and there are claims that living close to power lines longterm can cause health issues.
- The property is on a flood plain. Depending on the city, climate and proximity to dams, lakes and watercourses, the potential for flooding on the property will be different. It is important to note that during major floods, houses in the same street (let alone the same neighbourhood) can be affected differently depending on their position, the design of the house, and the presence of hills and slopes.

These are just a few of the things to consider when going through an open home. After inspecting a property, continue to do your due diligence. Start to research any areas you're still unsure of.

If you do decide the home is the one for you, request a LIM report from the local council and enlist the help of an independent building inspector to inspect the property and provide you with a building report of their assessment.

MAKING AN OFFER

Once you've found the perfect property for you, it's time to make an offer. Depending on the type of sale, the process of making an offer can vary.

How to make a formal offer

The only way to make a formal offer is to make the offer in writing. It is recommended that you seek independent legal advice prior to making an offer.

Your Harcourts sales consultant will provide you with a contract to start the process, which will also highlight any conditions of sale. Your Harcourts sales consultant will then present this offer to the sellers.

Common conditions of sale include:

- Finance
- A builder's report
- Sale of another property
- LIM report
- Specialist inspection or approval
- Due diligence investigation of the property and title.

The offer will be prepared on a standard approved contract and you will be asked to sign the required number of copies. Once this process has been completed, your Harcourts sales consultant will check whether any other interested parties are putting in an offer. This system ensures the situation remains fair to all parties in a multiple-offer scenario.

The seller can accept your offer, reject it or counter sign it. Counter signing usually occurs when the seller is not satisfied with the price offered and/or conditions included and subsequently alters them.

The contract will be brought back to you for your consideration. If you accept, you initial the seller's alterations and the property is under offer to you, subject to any conditions that the contract may contain. Alternatively, you also have the right to counter sign. Your Harcourts sales consultant will continue negotiations between you and the seller until you are both in agreement.



CONTRACTS & SETTLEMENT

After your offer is accepted

If your offer is accepted, and all parties have signed the contract, you will be asked to pay a deposit either upon acceptance of the offer or when the offer becomes unconditional in all respects. This usually equates to 10% of the purchase price.

Once paid, this deposit is held in a trust account until the contract becomes unconditional in all respects. If the contract does not become unconditional, the deposit will be repaid to you.

Selecting a solicitor / conveyancer

It is recommended that you have a solicitor or conveyancer review any agreement before you sign it.

Property insurance

Once the contract becomes unconditional, you will need to take out insurance on the property from the settlement date. Your Harcourts sales consultant can refer you to a Mortgage Express adviser who can assist with all your insurance needs. This service can save you hours spent researching the many insurance providers in the market today.

Property purchase costs

Financial fees vary greatly depending on factors such as the percentage of the property value that you will be borrowing, the amount of the loan, the amount of the purchase and which bank you are borrowing funds from. Your local Mortgage Express adviser can quickly determine the approximate costs for your particular circumstances.

Possible expenses you may incur:

- Bank fees
- Home protection insurance
- Solicitor's charges which may include legal searches (please consult your solicitor)
- Miscellaneous costs (building inspection, rates, removals etc).

Completing the purchase

Before the settlement day, your solicitor or conveyancer will undertake the necessary searches with respect to the property and your lender will prepare the mortgage documentation.

Your Harcourts sales consultant will contact you to arrange a pre-settlement inspection, usually a few days before settlement. This is your opportunity to make sure that all appliances at the property are in working order and the property is as you remember it from the time you signed the contract. If issues arise at this inspection, you should immediately contact your solicitor or conveyancer to discuss your concerns.

On the day of settlement, your solicitor or conveyancer will exchange monies and transfer documentation with the seller's solicitor. You will receive the keys to the property from your Harcourts sales consultant upon confirmation from your solicitor that payment has been received.

Once settlement has been completed, the seller's solicitor will register their discharge of mortgage and transfer and your solicitor will register the necessary documentation with Land Information New Zealand.

For more information about buying a property visit: www.settled.govt.nz



MAKING THE MOVE YOUR CHECKLIST

Remember to cancel

- ☐ Telephone, internet and cable TV
- ☐ Gas, water and electricity (arrange a final meter reading)
- ☐ Newspaper delivery.

Organise for moving day

- ☐ Obtain supply of boxes
- ☐ Get packaging tape and heavy marker pens
- ☐ Arrange for furniture removal (get a quote, confirm date and time)
- ☐ Arrange care of your children on moving day
- ☐ Make suitable arrangements for any pets
- ☐ Arrange transit insurance, and contents and fire insurance for your new home
- ☐ Organise shifting times with the buyer of your old property and the seller of your new one.

Notify your change of address to

- ☐ Bank, credit card and charge card companies
- ☐ Post office for redirection of mail
- ☐ Elections registrar
- ☐ Registrar of motor vehicles and driver's licence
- ☐ Tax department
- ☐ Insurance companies
- ☐ Hire purchase or finance companies
- ☐ Investment companies
- ☐ Local council
- ☐ Clubs and organisations
- ☐ Police (if you own and store firearms)
- ☐ Friends and relatives
- ☐ Magazine subscriptions
- ☐ Doctor, dentist, accountant, lawyer.

Don't forget

- ☐ Clean the stove and defrost the fridge/freezer
- ☐ Tidy the yard
- ☐ Ensure that the chattels that have been sold with the property aren't accidentally packed
- ☐ Disconnect all appliances
- ☐ Disconnect the TV aerial
- ☐ Return any borrowed items
- ☐ Throw out items that you don't intend on taking with you
- ☐ List valuable items for special care when moving
- ☐ Advise removal company of dangerous goods being moved (i.e. ammunition, petrol, spirits, chemicals)
- ☐ Securely pack all jewellery, money, special documents, papers (i.e. legal, tax, insurance etc)
- ☐ Set aside items you will need on the day of the move so you can take them with you (i.e. food, drinks, cleaning products, scissors)
- ☐ Pack each room leaving the boxes stacked and labelled with the room they are to be moved to. It is a good idea to write on each box a list of its general content
- ☐ Clearly label boxes containing breakables as

'fragile' and identify these to the removalists

- ☐ Pot and pack away any plants and cuttings you're taking to your new home
- ☐ Explain your packing procedure to the removalists and be at your new home when they arrive.

Don't...

- ☐ Put breakables or liquid-filled containers in drawers
- ☐ Overload drawers and make furniture too heavy to move (too much weight can result in damage to your furniture)
- ☐ Move netting, barbed wire, timber, wood, coal etc without special arrangements being made
- ☐ Store perishable goods where they might be overlooked or forgotten.

Make arrangements to

- ☐ See your solicitor or conveyancer to sign transfer / mortgage documents
- ☐ Enrol children in new school if necessary
- ☐ Coordinate the forwarding of any files from the children's previous school to their new one.

Organise for your new home

- ☐ Connect your gas, electricity and water
- ☐ Internet, telephone and cable TV connection.

The week before moving

- ☐ Remind and confirm dates, times and locations for furniture removal company
- ☐ Confirm moving in/moving out details and key exchange with your Harcourts sales consultant
- ☐ Say goodbye to neighbours.

One last check

- ☐ Nothing left behind?
- ☐ No clothes at the dry cleaners?
- ☐ No gear stored away from your property?
- ☐ Electricity, gas and telephone disconnected?
- ☐ Water turned off and no taps left running?
- ☐ Windows and doors latched?
- ☐ Keys with solicitor (if appropriate)?

After it's all over

- ☐ Have spare keys cut for your new home
- ☐ Make an insurance claim if any damage has occurred during the move
- ☐ Teach children how to get to their new school
- ☐ Enjoy your new home and keep in touch. We'd love to hear how you're going!



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